

BUSINESS WEEK

JAN. 15, 1949



Tom Warwick

Edward G. Budd, Jr.—His newest train will streak across the scenic West (page 6)

BUSINESS
WEEK
INDEX

A MCGRAW-HILL PUBLICATION

TWENTY FIVE CENTS



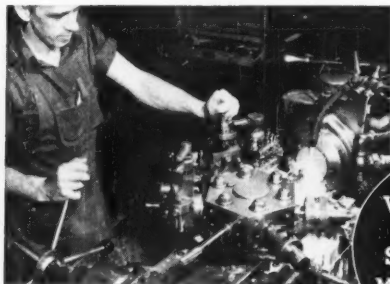
70,000,000 Americans can't be wrong

DO YOU THINK you should get interest on your bank savings account, dividends on your life insurance policy? Naturally. So do the 70 million other Americans who own savings accounts and insurance.

You get the interest and dividends because

of profits on the investments in corporations which banks and insurance companies make. No profits, no interest or dividends for you.

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**WARNER
&
SWASEY**
Machine Tools
Cleveland

YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES, AUTOMATICS AND TAPPING MACHINES

Research keeps
B.F. Goodrich
FIRST IN RUBBER



Hot sand that will make a pretty girl prettier

A typical example of B.F. Goodrich product improvement

THOSE are streams of sand, dried in the big hopper at 260°, pouring onto a conveyor belt. The belt carries the sand to rolls which crush it to flour-like powder—for use in face powder and lipstick, fine glass, even enamel for a bathtub. That's sand so special and expensive it wouldn't even recognize the bathing beach variety.

But there was a hitch. Sand at 260° burned the rubber conveyor belts needed to carry it from dryer to crusher. And handling in any other way would be too slow and expensive.

The plant engineer called in B.F. Goodrich who had developed rubber compounds that stood oil, abrasion, almost everything including one to stand high heat. They made a belt with this special B.F. Goodrich rubber. Former belts in this sand plant lasted a few months. After 3 years the B.F. Goodrich belt is still running—20 hours a day.

That plant engineer had a good rule which hundreds of others like him follow. Instead of accepting the high cost of frequent replacements, he

called in B.F. Goodrich, and found they had exactly what he needed to cut his costs and keep his plant running with fewer shutdowns and delays. And even if BFG had not had what he needed, the chances are good they would soon develop it, as they have done, to meet "impossible" problems in almost every industry. *The B.F. Goodrich Co., Industrial Products Division, Akron, Ohio.*

B.F. Goodrich
RUBBER FOR INDUSTRY



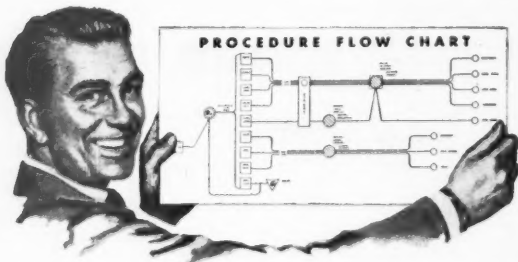
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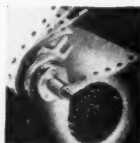
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Better Forms and Records—Standard Register's marginally punched, continuous forms, designed for specific jobs, make all record-writing and record-using easier, simpler and faster. And only Standard's precise design and printing can give Standard's satisfaction in forms service. Standard's exclusive Registrator Platen, applicable to many business machines, assures positive feed, precise alignment, exact duplication—for greater speed and accuracy in all record-using business operations.



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"Paperwork Simplification" is an exclusive Standard Register service. Write on your business letterhead for a free copy of "The A. B. C. of Work Simplification."



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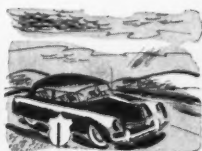
50 YEARS OF PROGRESS WITH KESTER SOLDER

The present type of cored solder used by industry was first made by J. F. Kester in 1899. From the simple beginning of its first application... a few soldered connections in the old hand-crank telephone... it has continued to grow by keeping pace with new techniques as demanded by industry. Today's modern production would not be possible without cored solder.

Standard for Industry and Home Since 1899



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AUTOMOTIVE—Ever since its inception Kester Acid-Core Solder has been and still is the standard in the automotive field and for the trade. Mechanics and repairmen insist upon it.



ELECTRICAL-ELECTRONIC—Kester makes a great variety of "specialized" core solders and solder preforms—even those suitable for the fine touch required in electronic work.

*Over 100,000
Types and Sizes*

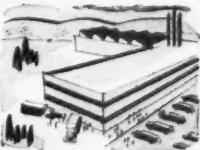
of KESTER
Flux-Cored
SOLDER



AGRICULTURAL—For a half century Kester Cored Solder has been the farmer's standard for maintenance and repair. He uses Kester because his soldering must be fast and reliable.



HOME CRAFT—In hobbycraft as well as home repair, good solder bonds are essential. Kester Metal Mender and Radio Solder are the standards for all home-craft workers.



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Free—Technical Manual. Send for Kester's new 28-page manual, "Solder and Soldering Technique." A complete analysis of the application and properties of soft solder alloys and soldering fluxes.



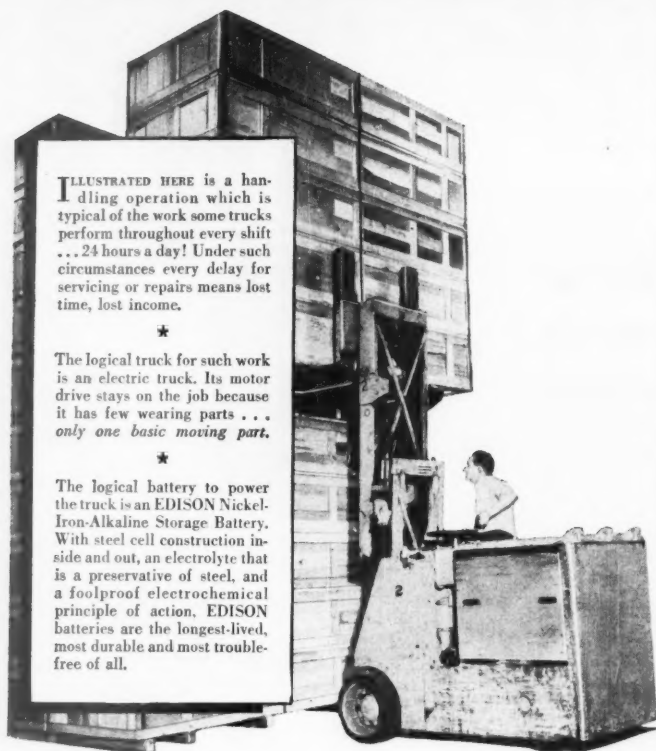
**KESTER
SOLDER**

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FACTORIES ALSO AT NEWARK, NEW JERSEY • BRANTFORD, CANADA

How continuously it works is what counts



ILLUSTRATED HERE is a handling operation which is typical of the work some trucks perform throughout every shift ... 24 hours a day! Under such circumstances every delay for servicing or repairs means lost time, lost income.

★

The logical truck for such work is an electric truck. Its motor drive stays on the job because it has few wearing parts ... only one basic moving part.

★

The logical battery to power the truck is an EDISON Nickel-Iron-Alkaline Storage Battery. With steel cell construction inside and out, an electrolyte that is a preservative of steel, and a foolproof electrochemical principle of action, EDISON batteries are the longest-lived, most durable and most trouble-free of all.

EDISON batteries give you many advantages: they're mechanically durable; electrically foolproof; quickly and easily charged; simple to maintain; not injured by standing idle. Get a current EDISON price quotation—you will probably find initial cost MUCH LOWER than you think. Couple this factor with well-known EDISON long life and you will have the key to year-after-year economy.



EDISON

Nickel • Iron • Alkaline
STORAGE BATTERIES



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BUSINESS WEEK • Jan. 15, 1949

THE CURSE OF TOO MUCH MONEY!

(A SLIGHTLY TALL TALE)

by Mr. Friendly



We saved him so much money
He couldn't even fold it...
He hired 40 trucks
And they couldn't even hold it!
He cried, "Since you cured
Our production ills
Even my dollars have
Little dollar bills!..."

"With all the mink coats
My poor wife has got...
She wears 5 at a time
Which is Ritzy, but hot!
If you save me more dough,
I'll burst into tears.
You've saved me so much now
It comes out of my ears!"

Maybe we've stretched a point... But honestly, we can show business after business, big and small, where American Mutual has reduced accidents and premium rates to way below the average for the field!

When you figure we still give you the chance to save 20% through dividends, we're only exaggerating slightly when we say you'll save so much you'll hire people to spend it!

AMERICAN MUTUAL

... the first American liability insurance company

© 1949, AMERICAN MUTUAL LIABILITY INSURANCE COMPANY



The biggest extra in insurance... that's I.E. Loss Control,* a special service, at no extra charge with every industrial policy. Ask your American Mutual man to show you the "40 Convincing Cases." Write for free copy of "The All-American Plan for Business" or "The All-American Plan for the Home." American Mutual Liability Insurance Co., Dept. B-56, 142 Berkeley St., Boston 16, Mass. Branch offices in principal cities. Consult classified telephone directory.

*Accident prevention based on principles of industrial engineering.



Reaching a client in Rio...

When you telephone to friends or relatives in other lands, you enjoy all the advantages of an intimate, two-way conversation. And for business purposes, overseas calls save time. You can ask and answer questions, reach definite conclusions and settle details in a single call.

You can call most anywhere in the world today. Just say to your Long Distance operator, "I want to make an overseas call."

is easier by telephone!



BELL SYSTEM OVERSEAS TELEPHONE SERVICE



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THE COVER

When Edward Gowen Budd, Sr., died in 1946, his son was well qualified to take over the top post in The Budd Co. (BW—Dec. 21 '46, p. 32). For the founder had seen to it that Edward, Jr., got a thorough grounding in the business.

The boy attended Philadelphia public schools, received his first practical education by spending summer vacations at the plant. After graduating from Wesleyan University in 1923, he promptly went to work as a tool and diemaker's apprentice. Later he added variety to his experience by working for a year at the Citroen plant in France.

Edward Budd, Jr., returned home to finish his apprenticeship. He brought a bride back with him—Ruth Blydenburgh, of Middletown, Conn. The couple have a daughter, Mary.

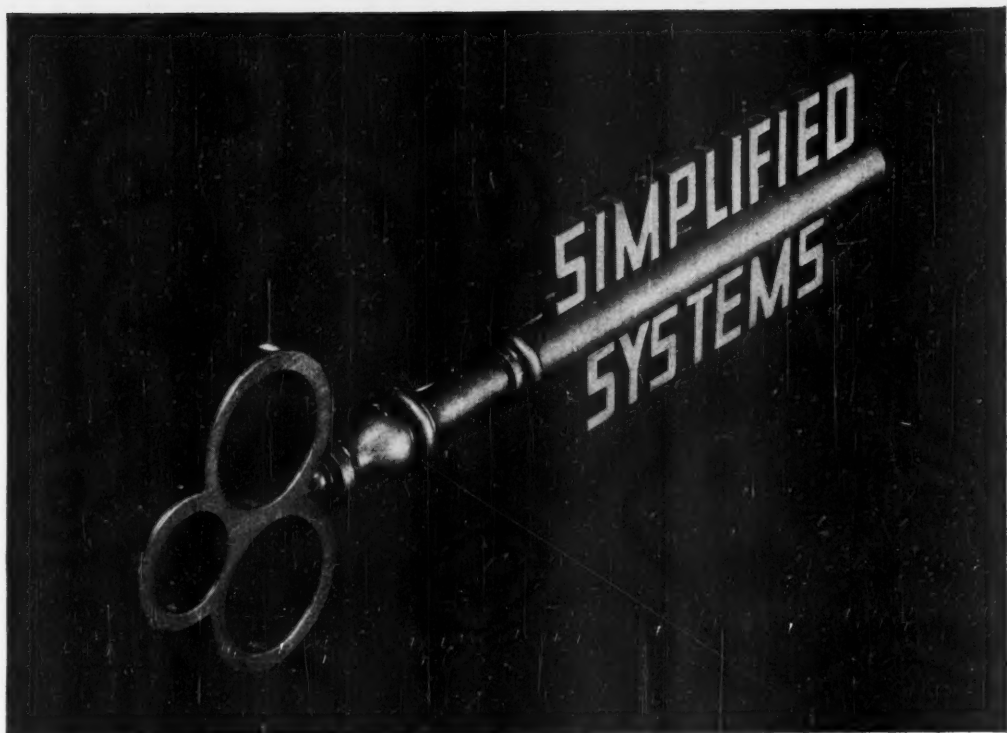
Back home he went through the shop, even swung a sledge as a blacksmith's helper in the foundry. He went on up in the plant, became night superintendent in 1929.

He was made director of purchases, then factory general manager (1934) and vice-president (1938). Finally in 1943 he became executive vice-president, which job he held until he moved up to the presidency in 1946.

At 46, Budd keeps his 6-ft. frame in trim through summer gardening. He speaks slowly, likes to read history and biography. He lives in the Germantown section, drives his own car (a Lincoln) to work.

Young Budd took over a smoothly running organization from his father. He sees no need to make changes and has made none. But oldtimers note one difference between the regimes of son and father: The dominating personality of Edward, Sr., tended to push the staff into the background. The younger man, they say, has a new viewpoint, with the result that Budd Co. is much less the one-man operation it once was.

—Complete story on The Budd Co. starts on page 30. Cover painting by Tran Matwick.



Your Key TO PROFITS!

Regardless of whether your company is large or small, Remington Rand *simplified systems* can give you immediate access to new profits, new savings.

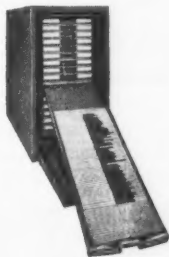
Take accounting, for instance. Here are two actual cases of money saved through the application of simplified systems:

- (1) *A mid-west wholesaler now handles accounts receivable with two girls instead of the five required by the previous system; also profits through closer control of credit and collection.*
- (2) *A small machine shop simplifies general accounting and payroll, saving its proprietor 8 to 10 hours of paperwork weekly.*

Send for FREE BOOKLET (KD 253) describing SUIAP, the Simplified Unit Invoice Accounting Plan . . . and for FREE FOLDER (LL 118) "Daily Financial Control with Multi-Matic".

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For extra profits through simplified administrative control of Accounting . . . Inventory . . . Sales . . . Production . . . Cost Analysis . . . Personnel . . . or Purchasing . . . phone the nearest Remington Rand office or write Systems Division, 315 Fourth Ave., New York 10, N. Y.



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Everything you need to simplify and save: Visible Systems for Administrative Control . . . Filing Systems and Supplies . . . Loose Leaf Systems . . . Certified Point-of-Use Fire Protection for Vital Business Records.

Remington Rand
THE FIRST NAME IN BUSINESS SYSTEMS



We pay people to tell us when we're wrong

IN ONE of the departments of our Louisville Works, there are 3007 people working . . . and 383 of them—almost 13%—are professional skeptics!

We pay them to be skeptical. To regard with critical eye every product their department makes. To reject any imperfect product, no matter how microscopic the flaw. To tell us, in other words, when we're wrong.

These skeptics are the men and women in that department who do the inspection work. They are the sharp-eyed folks who see to it that the high quality of American-Standard products is maintained.

We have inspectors like these in every department of every plant. But the interesting thing is not just that we have them. Every reputable manufacturer has inspectors.

The significant point is that we have enough of them to check and double-check during every phase of manufacture. For we prefer to "lean over backwards" to be sure our customers get heating equipment and plumbing fixtures that are right.

And this extra care . . . this eagerness to know when we're wrong . . . is another reason, we believe, why American-Standard has won its position as "First in Heating . . . First in Plumbing." **American Radiator & Standard Sanitary Corporation**, General Offices: Pittsburgh, Pa.

*Look for this
Mark of Merit*



AMERICAN-Standard

First in heating . . . first in plumbing

Serving home and industry: AMERICAN-STANDARD • AMERICAN BLOWER
CHURCH SEATS • DETROIT LUBRICATOR • KEWANEE BOILER • ROSS HEATER • TONAWANDA IRON

BUSINESS OUTLOOK

BUSINESS WEEK

JANUARY 15, 1949



Economic details of the "Truman boom"—as the President hopes to see it—now have been spelled out for business (page 19).

But it takes more than casual reading of newspapers to get the full impact. This isn't just high income, full employment working automatically; it's a revised philosophy of government planning for business.

Maybe this philosophy isn't downright unfriendly. But you can bet your bottom dollar it isn't laissez-faire, either.

President Truman's Council of Economic Advisers has blue-printed what business should do to assure a high-level economy "for the next few years." These "few years" are the Truman years, of course.

This outline is Part III of the council's Annual Economic Review.

Here is a schedule of what the council thinks business should do. There is no statement of what government will do if business falls down.

Industry is on notice that the Administration is out of sympathy with the present level of corporate profits.

The economic advisers don't say so in as many words, to be sure. But here is what the council does have to say:

"Profits become unreasonable when they yield more than the amounts which support adequate incentives for production and growth."

At first glance, this may not seem to mean much. It is loose enough so you could drive a team of horses through it.

But it is a long way from the old concept which went something like this: Profits are a good thing, and you can't have too much of good things.

Government disapproval of high corporate profits isn't exactly new. It was implicit in the Roosevelt New Deal. But F.D.R. never had to define "too high;" corporations never came close to earning that much.

One major test of the President's economic program will be this: How can jobs be turned up for an additional million workers in 1949?

The record for 1948 was good. Jobs were provided for about 1½-million additional workers during the year.

But the situation was changing as the year drew to a close. Jobs were harder to find. In fact, male nonfarm employment went down ever so slightly from October to December; in the same 1947 period, it had risen by 150,000.

Normal growth of the labor force, from now on, will provide problems.

Unemployment grew in 1948 even though jobs were found for 1½-million more workers. That isn't alarming, though.

It was a year of unusual growth in the labor force—1¾-million workers added in a single year. Some 550,000 more veterans found jobs. And unemployment, though up 300,000, still was less than 2-million.

Jobs available in agriculture won't gain much from now on.

Employment in agriculture in 1948 averaged about the same as in 1947. Yet 1948 yielded the biggest crops in history.

Mechanization, more and more, will cut the need for farm hired hands.

Tractors, combines, and cotton-pickers now are coming into their

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
JANUARY 15, 1949

own. Emphasis is on the family-sized farm—where the farmer and his family do most of the work. And high wages simply encourage the trend.

Competition between men and women for jobs may intensify in 1949.

Developments in 1948's tight labor market pointed to this. From the December nose-count in 1947 to the December census last year, 557,000 women got nonagricultural jobs, against 507,000 males.

Put another way, the number of women holding nonfarm jobs was up 3½% in a year. For men, the gain was only 1½% in the same period.

Reasons for relatively more women taking jobs probably are numerous. The explanation generally advanced, however, is that many households have been finding a need for more than just one weekly pay envelope.

Declining living costs could change the character of the labor market.

Fewer youngsters would feel the need of quitting school to find work; fewer housewives would look for full-time or part-time jobs.

Trouble is that it is hard to translate lower prices of raw materials into equal markdowns on finished goods. Costs of manufacturing and distribution are too high.

A representative index of raw materials prices dropped 16% in 1948. It got below year-ago levels as far back as last August.

But look at wholesale prices (page 24). They didn't go below a year ago until the last week of the year; the percentage decline was negligible.

At retail, foods are about the only thing to show much of a decline. The cost of living still is a couple of percentage points above a year ago.

Personal income hasn't flattened out as much as expected. It rose to an annual rate of \$216.7-billion in November from \$215.6-billion in October and a revised figure of \$214.9-billion in September.

The additional money wasn't in wage envelopes in November, however.

About half the gain went to farmers for unusually large crop and livestock marketings. The rest was split up between higher interest, dividends, and payments by the government.

Steel operations this week are at the highest rate ever. And, significantly, the mills aren't much worried about scrap.

Output for the week is scheduled at 99.3% of capacity (and capacity is now placed at 96,121,000 tons annually). At that clip, the week should see production of 1,830,000 tons.

But, while pushing production full blast, steel companies have not been anxious to buy scrap. Dealers, with plenty on hand, cut prices \$2 a ton.

In times past, higher scrap prices often have been a signal of weakening demand for steel. However, that apparently is not the case this time.

Auto companies can't seem to agree on the state of their market.

Studebaker plans to push 1949 output above last year's record 234,000 units. Kaiser-Frazer cuts output, blaming Regulation W for slower sales (page 21). Ford reduces output of Mercurys and Lincolns, blaming steel shortages (although more steel may go to faster-selling Fords).

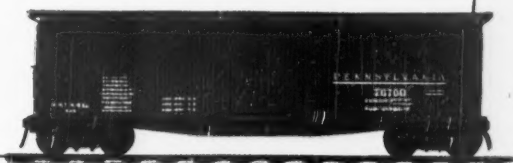
Helping hand from Texas Democrat Rep. Wright Patman: He urges the Federal Reserve Board to give buyers 24 to 30 months to pay instead of 18.

TO PAY AN EMPLOYEE FOR AN HOUR'S WORK THE RAILROADS HAVE TO HAUL FREIGHT MORE THAN TWICE AS FAR AS IN 1921

YEAR 1921

TO EARN THE MONEY TO PAY ONE HOUR'S WAGE
TO ONE EMPLOYEE—RAILROADS HAD TO HAUL
ONE TON OF FREIGHT

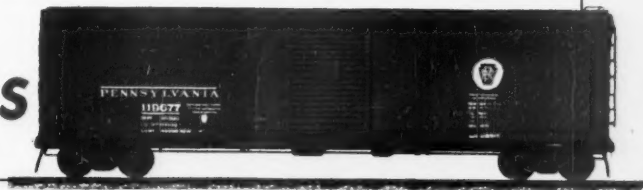
48 MILES



JULY 1948

TO EARN THE MONEY TO PAY ONE HOUR'S WAGE
—RAILROADS HAD TO HAUL
ONE TON OF FREIGHT

105 MILES



The average hourly wage of railroad employees—without overtime—has *more than doubled* since 1921, after World War I. But the revenue received by the railroads for hauling the average ton of freight one mile is *lower* at today's rates than it was then.

With greatly increased wage levels in other industries, increased railroad wages obviously would be expected. Some of the increased cost of labor, materials and supplies has been offset by great economies which railroads

have achieved through technological improvements.

It takes large amounts of money to make these improvements. More are urgently needed. Additional wage increases are taking place and the cost of materials and supplies has doubled since 1939 and continues to rise. Despite postwar increases, freight rates are insufficient to pay these expenses and to provide money for changes required to reduce costs and improve service.

That's why the railroads are asking for increased freight rates.

PENNSYLVANIA RAILROAD

More Labor-Aiding and Time-Saving Equipment

is the answer to Lower Production Costs



equipment helps the workman produce More with Less effort

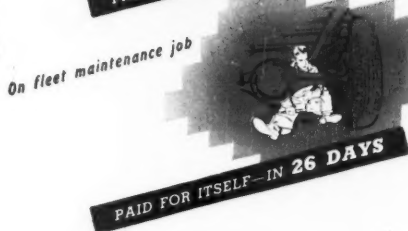
Time and cost studies also prove this significant fact: Ingersoll-Rand Air Power equipment which, a few years ago, saved enough to pay for itself in 30 days, now pays for itself in only 18 days on the same operations under today's conditions.

To find out what this can mean to you, here is all you do... call your I-R branch office. Ask for an engineer who will work with your department heads in making a job study of your production operations. He will help you make actual Air Tool performance tests right on your own jobs in your plant. Then you can determine definitely how much you can save in production costs by using Compressed Air and Air Tools. You will know how soon the recommended equipment will pay for itself.



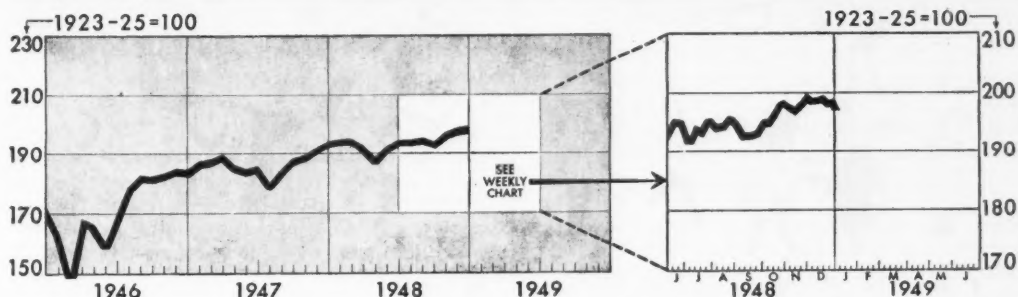
Ingersoll-Rand

11 Broadway, New York 4, N. Y.



These examples show the time in which typical I-R AIR POWER EQUIPMENT paid for itself in actual use because AIR TOOLS enable the workman to produce more with less effort.

FIGURES OF THE WEEK



Business Week Index (above) *196.7 †198.7 199.4 195.7 162.2

PRODUCTION

Steel ingot operations (% of capacity)	99.3	†97.8	100.0	95.6	97.3
Production of automobiles and trucks	97,862	†81,968	124,041	111,276	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$23,109	\$24,857	\$29,261	\$13,042	\$19,433
Electric power output (million kilowatt-hours)	5,692	†5,562	5,705	5,278	3,130
Crude oil (daily average, 1,000 bbls.)	5,454	5,611	5,620	5,313	3,842
Bituminous coal (daily average, 1,000 tons)	1,735	†1,907	1,914	2,206	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	78	79	81	84	86
All other carloadings (daily average, 1,000 cars)	50	50	53	55	52
Money in circulation (millions)	\$28,151	\$28,325	\$28,415	\$28,658	\$9,613
Department store sales (change from same week of preceding year)	None	+32%	-5%	+9%	+17%
Business failures (Dun & Bradstreet, number)	128	128	122	87	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), Nov.	172.2				
Spot commodity index (Moody's, Dec. 31, 1931=100)	393.6	394.7	394.4	454.2	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	279.5	279.4	279.5	285.4	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	312.8	†311.7	314.1	422.6	146.6
Finished steel composite (Steel, ton)	\$97.68	\$95.50	\$95.50	\$78.05	\$56.73
Scrap steel composite (Iron Age, ton)	\$40.92	\$43.00	\$43.00	\$40.58	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	23.500¢	23.500¢	23.500¢	21.500¢	12.022¢
Wheat (Kansas City, bu.)	\$2.27	\$2.27	\$2.32	\$2.97	\$0.99
Sugar (raw, delivered New York, lb.)	5.71¢	5.73¢	5.67¢	6.05¢	3.38¢
Cotton (middling, ten designated markets, lb.)	32.36¢	32.21¢	32.15¢	35.67¢	13.94¢
Wool tops (New York, lb.)	\$1.721	\$1.698	\$1.689	\$1.878	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	19.32¢	19.00¢	19.25¢	22.40¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.)	123.3	120.1	121.1	120.3	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.48%	3.50%	3.54%	3.51%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.72%	2.75%	2.80%	2.84%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	11-11%	11-11%	11-11%	11%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	11-11%	11-11%	11-11%	11%	1-1%

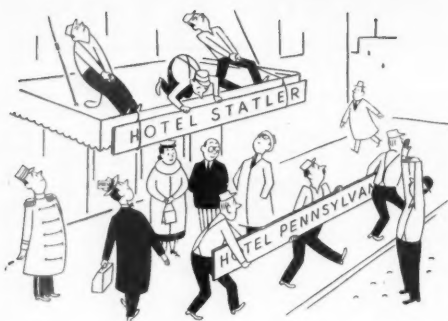
BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	47,437	47,794	47,584	48,620	††27,777
Total loans and investments, reporting member banks	62,638	62,751	62,558	65,142	††32,309
Commercial and agricultural loans, reporting member banks	15,366	15,561	15,459	14,645	††6,963
Securities loans, reporting member banks	1,728	2,002	1,827	1,541	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	33,484	32,987	33,179	37,642	††15,999
Other securities held, reporting member banks	4,185	4,205	4,177	4,271	††4,303
Excess reserves, all member banks	1,050	1,050	670	1,166	5,290
Total federal reserve credit outstanding	23,727	24,113	23,727	22,320	2,265

*Preliminary, week ended January 8th.

†Revised

††Date for "Latest Week" on each series on request.
††Estimate (BW—Jul. 12 '47, p. 16).



1. Roving Rob, Reporter, wandered into New York town and saw the Hotel Pennsylvania's sign was coming down. But as he watched, a new sign rose, and Roving Rob cried: "Wow! The Hotel Pennsylvania is the **HOTEL STATLER**, now!"



2. For years the Pennsylvania's been a Statler-run hotel. Now travelers all will cheer the news it's *Statler-owned* as well! "The Statler name's a guarantee," said Rob, "of all that's best. At Hotel Statler in New York, you really *are* a guest."



3. "The famous Statler bed," said Rob, "has brought the Statler glory. Its super comfort's headline-news in any bedtime story. Eight hundred thirty-seven springs soothe care away and sorrow—I'll fill in other details when you wake me up tomorrow."



4. Reporting on the Statler meals sure pleased the Roving Rob. "With food as good as this," he said, "I really *love* my job! Each dish is perfectly prepared, each tempts my appetite. I ought to file my story, but—I'd rather eat than write!"



5. "A Statler in New York," cried Rob, "is happy inspiration. It's close to business, shops, and shows, and to the railroad station. So, travelers-to-Manhattan, please remember what I say: The Hotel Statler now will be your favorite place to stay!"



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STATLER OPERATED **HOTEL WILLIAM PENN • PITTSBURGH**

WASHINGTON OUTLOOK



TRUMAN'S STEEL EXPANSION program amounts to jawboning at industry—for the time being.

He does see need for more steel now—and for more and more over the years to keep the country growing.

He is being pushed to put government into the job—by auto unions which see the pinch in paychecks; by western expansionists like Sen. Murray and Assistant Interior Secretary Davidson; by reformers who don't shy at government in business.

They got into Truman's State of the Union message the words that government might have to build the new capacity.

But Truman meant it when he asked for a study of capacity needs as the first step. He and the moderates around him aren't yet ready to plunge the government into the steel business.

Behind the study idea is this strategy: The threat of competition by Washington might prod industry into doing more on its own. If it didn't, there would be documentation for going ahead.

Sen. Murray is going right ahead with his bill to get 10-million tons more steel capacity—by loans to industry, by tax concessions, by government construction.

Murray isn't willing to wait for a study. His reasoning: Government can get a hand in a thing like this only when the need is critical. A study would put over legislation until next year, and by then the pressures will have eased off.

Sen. O'Mahoney, however, agrees with Truman's slower pace, would like his joint economic committee to do the study, superintend the jawboning campaign.

In the end, O'Mahoney probably will have his way with Congress.

TRUMAN'S DEFICIT for the fiscal year ending next June just doesn't add up.

Since last August's budget review, Truman has trimmed his own calculation of this year's deficit from \$1.6-billion to \$600-million—mostly by upping his estimate of tax revenues.

But experts outside the Treasury figure his estimate of revenue is still too low—perhaps by as much as \$3-billion. That's because Truman and Snyder have never taken inflation fully into account.

The Truman-Snyder revenue estimate for fiscal '50, however, may come closer to actuality.

They based their fiscal '49 figure on a personal income of \$200-billion; \$212-billion is likely to be closer to the mark.

For fiscal '50, they predict \$41-billion receipts from a \$215-billion income; that's just a share under the rate now—and personal income is more likely to go down than up over the next 18 months.

Government spending in fiscal '50 surely won't be lower than Truman's \$42-billion estimate. It's more likely to be higher.

The only really big cut we can see this Congress making in Truman's money requests is the \$800-million he budgeted to start universal military training; Congress won't accept UMT.

But the cost of arms for Europe and congressional increases in Truman's military program will more than offset the UMT cut.

UNION LABOR is getting its friends into key spots on congressional labor committee staffs.

Already C.I.O.'s ex-Representative Frank Hook has the job of counsel to the House Labor Committee.

And Herman Lazarus will get the top staff job on the Senate-House "watchdog" committee. Lazarus quit the NLRB when Taft-Hartley came in. He has been working since for railroader Whitney's Public Affairs Institute; he wrote the Murray-Pepper minority views on T-H operations last spring.

In the new labor law you can expect this: The joint committee that the Republicans set up to ride herd on NLRB will be continued under the new Democratic labor law.

But it won't be a "watchdog" of the labor board anymore. Instead, it will "watchdog" developments at the bargaining tables.

Put this down, too, as something the new labor law will certainly do: Make NLRB both prosecutor and judge again by abolishing the independent office of General Counsel Denham.

ACHESON'S REPLACEMENT of Marshall has as many domestic implications as international (page 99).

Truman emphasizes that there is to be no change in the basic U. S. determination to contain Russia. Remember: Acheson was the architect of the Truman Doctrine, first expressed in Greece and

WASHINGTON OUTLOOK (Continued)

Turkey; he was Marshall's No. 2 man at State when the Marshall Plan was born.

But Acheson's return to government does foreshadow the decline in influence in Washington of professional soldiers and financiers.

These men are targets for the political groups that made Truman president in his own right. And if Marshall had to retire, the new Truman was bound to pick someone he could give orders to; Truman always looked up to Marshall.

Finally, Acheson's appointment emphasizes again Truman's conclusion that the nation faces a long diplomatic tug-of-war with Russia, not a shooting war soon (BW-Jan.8'49,p15). Otherwise, he would have picked another general or a Forrestal, not a conference-table diplomat.

Bipartisanship in foreign policy, as it worked when Republicans ran the 80th Congress, goes out in the shuffle.

No longer is there a party division between the White House and Congress. So, no longer does Truman feel compelled to consult Vandenberg.

This doesn't mean that Acheson will not inform Vandenberg of major policy steps ahead of time. But Acheson and Vandenberg won't ever get along on a buddy-buddy basis, the way Vandenberg and Lovett did.

Bipartisanship, then, as you will see it in the 81st Congress, will amount only to this: whatever self-discipline Republicans feel they ought to impose upon themselves in keeping debate temperate.

Acheson will be confirmed, of course.

There is some fuss, but it's just words from such old antagonists as Wherry. Their objections go back to Acheson's record in the late 1930's; at that time, when Hitler was the world's enemy, Acheson was pushing a policy of joint action with Russia.

Acheson returns to State fresh from shaping the Hoover commission's forthcoming report calling for a major overhaul of the department. And that's how Jim Webb comes into the picture as Under Secretary.

Webb is an administrator; his job as Acheson's No. 2 man will be to wield the new broom.

SEN. JOHNSON'S BASING-POINT BILL is simply a draft for lawyers to chew on.

Roughly, the bill rephrases the price-conspiracy sections of the antitrust laws. Big new addition: The Federal Trade Commission would get

power to force sellers to give buyers a choice between f.o.b. and delivered price.

Johnson himself expects to rewrite the bill after the hearings, which start Jan. 24. These will be short and technical; Johnson is inviting only pricing lawyers to tell him how the bill would affect business.

Wright Patman, congressional gadfly on pricing, isn't going to let Johnson limit the basing-point issue to a cozy legal debate.

He is set to let fly with this line: Rephrase the antitrust laws and you junk 20 years of court-tested FTC rulings—"you change nooses into loopholes."

Patman wants no new law. He sits tight with the Supreme Court's Cement Institute decision. He compares delivered pricing to a hunting rifle—you can use it so long as you use it legally.

WANT A \$10,000 JOB with a certain pay boost to \$17,500 or \$22,500 after six months?

There are 15 or so such jobs open around town—under secretaries, assistant secretaries, agency and commission posts. Most of the jobs have been vacant quite a while; they went begging till Truman won. And until now, the pay has not been enticing.

The jobs require executive ability, good standing with the Democratic Party. Here's the list of openings:

Under Secretaries—Agriculture, Commerce, Labor.

Assistant Secretaries — Agriculture, Army, Commerce (2), Labor, State (2), Treasury.

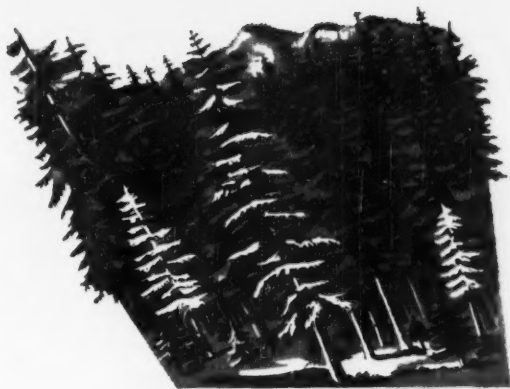
Commissioners—Atomic Energy, Customs, Interstate Commerce, Federal Power, Federal Trade.

Chairman — National Security Resources Board.

• Ex-Agriculture Secretary Clint Anderson's selection to the senate agriculture committee is a setback for advocates of permanent 90% farm-price supports. . . .

• Dixiecrat John Rankin has a plan to get even for the anti-South liberalization of House rules: Have his Veterans' Committee approve a multibillion bonus, then use the new rules to force congressmen to vote yes or no on this political hot potato. . . .

• Merger note: Army, Navy, and Air Force House Appropriations subcommittees will sit as a single group this year to act on the military budget as a whole.



HOW TREES ARE MAKING TIRES LAST LONGER



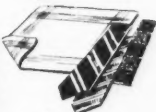
OTHER USES FOR WOOD CELLULOSE

Our research staff has developed a number of types of highly purified wood cellulose to give best results in the manufacture of the many and products made from it.

For making viscose rayon yarn for textiles, we supply a product with the brand name, "HICOLOR"



Acetate fibers and yarns are made from a Rayonier product branded "RAYACETA"



Cellophane is made from still another type of purified wood cellulose—"RAYAMO"



Many research accomplishments have, over a period of years, improved the wearing qualities of automobile and truck tires.

None, perhaps, is more important than the adoption of viscose rayon tire cord and fabric. Highly purified cellulose—derived by chemically processing wood—is a basic raw material for making these strong, tough cords.

When synthetic rubber tires for heavy duty were introduced, use of viscose tire cord was essential to withstand heat and fatigue. Today, these high-strength yarns are used to lengthen the life of both natural and synthetic rubber tires—for passenger cars as well as for trucks and buses.

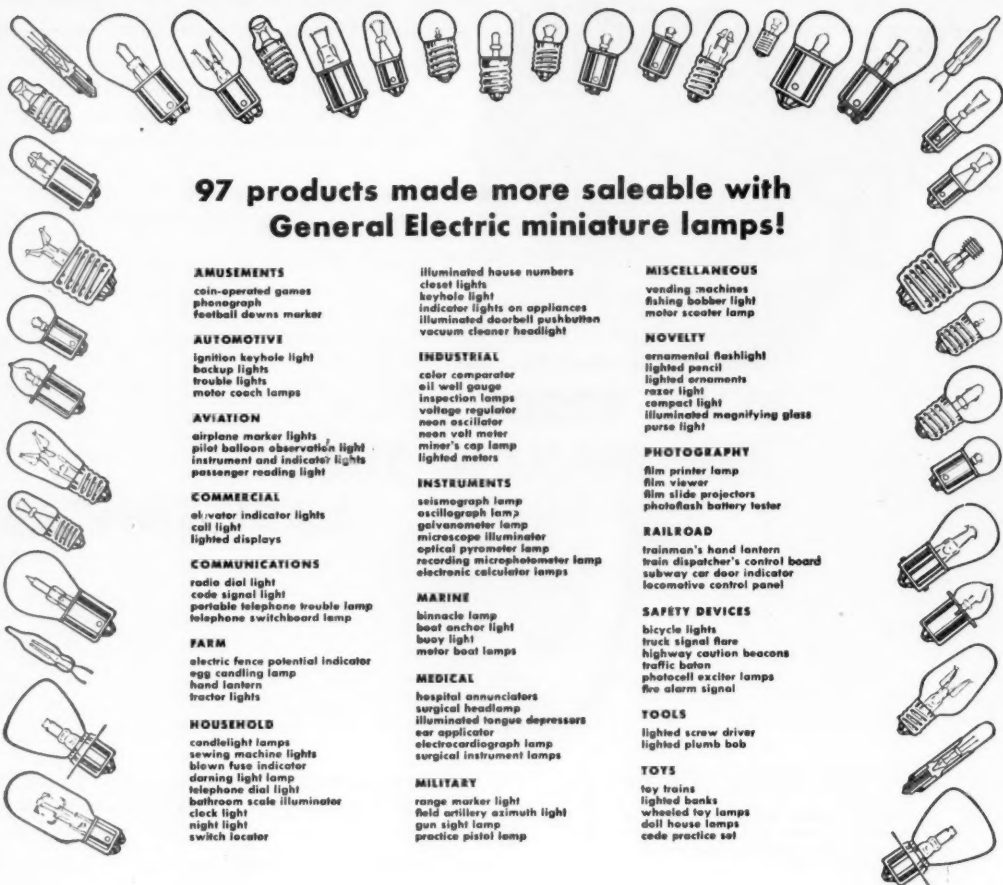
Rayonier does not make tires or tire cord. We do make the highly purified wood cellulose used by the textile industry in producing viscose rayon cords and fabrics for the tire manufacturers. This cellulose—known by the brand name "RAYOCORD"—was developed by our research staff specifically for this purpose.

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coin-operated games
phonograph
football down marker

AUTOMOTIVE

ignition keyhole light
backup lights
trouble lights
motor coach lamps

AVIATION

airplane marker lights
pilot balloon observation light
instrument and indicator lights
passenger reading light

COMMERCIAL

alarm indicator lights
cell light
lighted displays

COMMUNICATIONS

radio dial light
code signal light
portable telephone trouble lamp
telephone switchboard lamp

FARM

electric fence potential indicator
egg candling lamp
hand lantern
tractor lights

HOUSEHOLD

candlelight lamps
sewing machine lights
blown fuse indicator
darning light lamp
telephone dial light
bathroom scale illuminator
clock light
night light
switch locator

illuminated house numbers
closet lights
keyhole light
indicator lights on appliances
illuminated doorbell pushbutton
vacuum cleaner headlight

INDUSTRIAL

color comparator
oil well gauge
inspection lamps
voltage regulator
neon oscillator
neon volt meter
miner's cap lamp
lighted meters

INSTRUMENTS

seismograph lamp
oscilloscope lamp
galvanometer lamp
microscope illuminator
optical pyrometer lamp
recording microphotometer lamp
electronic calculator lamps

MARINE

binnacle lamp
boat anchor light
buoy light
motor boat lamps

MEDICAL

hospital annunciators
surgical headlamp
illuminated tongue depressors
ear applicator
electrocardiograph lamp
surgical instrument lamps

MILITARY

range marker light
field artillery azimuth light
gun sight lamp
practice pistol lamp

MISCELLANEOUS

vending machines
fishing bobber light
motor scooter lamp

NOVELTY

ornamental flashlight
lighted pencil
lighted ornaments
razor light
compact light
illuminated magnifying glass
purse light

PHOTOGRAPHY

film printer lamp
film viewer
film slide projectors
photoflash battery tester

RAILROAD

trainmen's hand lantern
train dispatcher's control board
subway car door indicator
locomotive control panel

SAFETY DEVICES

bicycle lights
truck signal flare
highway caution beacons
traffic baton
photocell exciter lamps
fire alarm signal

TOOLS

lighted screw driver
lighted plumb bob

TOYS

toy trains
lighted banks
wheeled toy lamps
doll house lamps
code practice set

Many a bright design idea starts with a little bulb!

DESIGNERS in more and more fields—from inexpensive novelties to costly instruments—are turning to the use of General Electric miniature lamp bulbs wherever light can add serviceability, convenience, safety, beauty or sales appeal to their products.

Listed above are 97 out of hundreds of successful products using G-E miniature

bulbs. Some of these should suggest a profitable G-E lamp application in *your* product. Remember, whatever lamps you need, General Electric makes them all—all types and sizes, all wattages and voltages, filament and neon glow, for delicate service or heavy duty. General Electric lamp specialists will gladly help you select the right bulbs for your job.



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Shows you how G-E miniature lamps make products stand out. More than 80 exciting design ideas that may suggest new ways to improve your products. Call your nearest G-E Lamp office for a free copy. Or write General Electric Co., Div. 166-BW 1-15, Nela Park, Cleveland 12, O.

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GENERAL  ELECTRIC



BUDGET-MAKERS (Treasury Secretary John Snyder; President Truman; Budget Director James E. Webb; and Frank Pace, Jr., who will step up to Webb's job when Webb moves to the State Dept.) have tied their budget in with Truman's . . .

Plan to Remake Economy

Administration will push toward a program of guiding the nation's course of business. Long-term aim is to shift to prosperity based more on consumer spending, less on investment.

President Truman has laid down a plan to revamp the U. S. economic system.

You can see the outline of it in three major documents: his State of the Union message and Economic Report last week, and his budget this week. You will see more and more of the details as Congress and the Administration get down to work.

Businessmen find much of Truman's program hard to take. And, of course, businessmen won't have to take all of it. Congress will have its own ideas about what sort of vitamin pills the U. S. economy needs (page 22).

• **"Guided Prosperity"**—But for the next four years, the general pressure from Washington will be in the direction of Truman's program.

Truman's goal for the next four years is a guided and regulated prosperity. But to put a stable foundation under that, he and his experts think, there's

a transition we must make first. The shift: away from a "high-level economy which has been supported by an investment boom and permeated with inflation," toward an equally high-level economy in which most of the motive power comes from current consumption.

Meanwhile, there's still the problem of getting the postwar inflation under control. Truman's advisers aren't persuaded that the upward spiral has reached its limit yet. They want an anti-inflation program available for the next year or so, just in case.

• **New Ground**—Beyond the transition period, Truman is shooting for something this country never has seen before—a continuing boom not dependent on an abnormally high rate of investment. In this stable prosperity, the country would continue to grow. But it would grow evenly, at a more or less constant rate each year. The wide swings of investment above and below

the average rate of growth would be eliminated. And with them, presumably, would vanish the boom-bust cycle of general business.

Private business is supposed to play a leading role in this prosperity, just as it always has. But it will be subject to constant coaching from Washington. From now on, the government will be giving businessmen more and more advice—on expansion of facilities, on wages, on prices. If business doesn't heed the advice, the threat of more direct controls is plain.

Truman's proposals for the steel industry (page 15) are typical of the method that he has in mind. First, he suggests a study to see if planned capacity will be sufficient to sustain a full employment economy. If it won't, he will propose advancing money for new facilities to the steel companies. And if the companies won't take the money, he will recommend putting the government in the steel business.

• **Behind the Budget**—Most of Truman's proposals fit in with his picture of a stable, prosperous economy—drawing on consumption rather than investment for its vitality, and constantly steered along by a big, active government.

The budget for the fiscal year ending June, 1950, calls for expenditures of nearly \$42-billion. That is big government. But it is significant that Truman held the military to less than \$15-billion in spite of violent protests from the Pentagon. More than this, Truman's economists figure, would upset the civilian economy and rule out new social-welfare programs.

Truman wants \$4-billion in new taxes, mainly from corporations. That is partly an anti-inflation measure. But it also reflects the idea that you can afford to cut profits because investment will be less important from now on than consumption; plowed-back earnings have been the biggest source of funds for new plant and equipment.

The request for an expanded social-security program likewise fits in with the new emphasis on consumption.

I. The Long View

The thinking behind Truman's proposals is laid out in the Annual Economic Review of the Council of Economic Advisers. The three CEA members, Edwin G. Nourse, Leon Keyserling, and John D. Clark, have

provided the theoretical background for Truman's program.

• **Invest, Consume**—For the long run (meaning between now and 1952) the council thinks the big problem is going to be the transition from an investment boom to a consumption boom.

Last year, consumer expenditures accounted for about 70% of gross national product. Investment ran about 15%. Government spending and the export balance made up the rest.

The council thinks this distribution can't last. Its blueprint for a stable prosperity requires that consumers take around 75%, investment 11% or 12%, government and exports the rest.

• **Controlled Investment**—Moreover, the advisers have some fairly precise specifications in mind for the 11% or so of gross national product that would go into investment.

According to their figures, electric utilities should expand capacity around 6-million kw. each year. That would cost \$2.5-billion to \$3-billion at 1947 prices, which is considerably more than the 1948 rate.

The advisers figure, too: Railroads should continue to spend \$1.3-billion to \$1.4-billion a year. Expenditures on highways should be \$4-billion a year, twice the 1948 rate. Farmers should

put \$2-billion a year into machinery, equipment, and buildings, and \$1-billion a year into increasing livestock herds.

Obviously the council is worried about how these precise adjustments of income and production are going to be achieved. It remarks unhappily: "The danger is that the automatic forces of the market tending to increase consumption are of uncertain force and perhaps insufficient strength to bring about needed changes. . . ."

Also obviously, the council has direct government controls of one sort or another somewhere in the back of its mind.

• **Profits; But**—For business, the brand of prosperity that the council describes would be profitable by prewar standards. But corporate profits would be well below the \$21-billion they hit in 1948. The keynote: "Profits become unreasonable when they yield more than the amounts which support adequate incentives for production and growth." In the council's opinion, that point already is past.

Consumers in the upper income brackets also would lose ground relatively. In the council's blueprint, income would be shifted by tax and wage changes into the lower brackets. In addition, welfare programs would expand.

II. Inflation Now?

When it takes up the short-term problem of what to do in 1949, the council tangles with the problem of inflation. It sees that the air has been let out of some parts of the economy. But it is by no means sure that inflation is really licked.

• **No Surplus**—What worries the advisers is the decline in the government surplus. In the first half of 1948, government receipts from the public were running ahead of payments to the public at a \$12.5-billion-a-year rate. This was a direct deduction from purchasing power, a brake on inflation.

But in the second half of 1948, the draw-down dropped to a \$4-billion rate. And in the calendar year 1949, payments will actually top receipts by about \$600-million, if taxes aren't raised.

To the council this is a bad sign, even though prices leveled off in the second half of 1948 when the federal surplus was shrinking. To play safe, the advisers recommend—and Truman endorses—a package of new inflation controls for 1949.

III. The Income and Outgo

The budget that Truman sent to Congress this week provides for the first steps toward his program for the domestic economy. But it also serves as a reminder of the external pressures that might interfere with Truman's vision of the U.S. economy.

• **Expenditures**—National defense and European aid account for nearly \$21-billion out of the \$41.9-billion total. Veterans' benefits are down about \$1.3-billion, showing that many of the readjustment programs have passed their peaks. Interest payments are up a little.

Revenues, without allowing for any tax increase, will be \$41-billion—according to Truman's estimating. But ever since the war, budget estimates of revenue have always been low.

• **Deficit?**—As it stands, the budget shows a deficit of \$873-million. It wouldn't take much gain in revenue to balance that. The chances are that Congress will make the most of this opportunity to stall off Truman's request for higher taxes. On the other hand it is going to be hard to hold the military to the \$14.3-billion that Truman has budgeted for them. And there is nothing in the budget now for military aid to Europe.

Total federal cash payments in calendar 1949 will run around \$44.3-billion. Of this, \$19.4-billion will go to individuals, \$14.7 to business, \$7.9 to other countries, and \$2.3 to state and local governments.

By comparison, individuals got \$17.1 last year; business got \$12.5; other countries \$5.6, and state and local \$1.8.

Truman's Budget for Fiscal 1949-50

(in millions)

Where the Money Comes From—

	This Fiscal Year	Next Fiscal Year
Direct taxes on individuals	\$19,327	\$19,788
Direct taxes on corporations	11,709	12,252
Excise taxes	7,715	7,900
Employment taxes:		
Existing legislation	2,610	3,324
Proposed legislation		1,960
Customs	407	407
Miscellaneous receipts:		
Existing legislation	2,275	1,750
Proposed legislation		81
Deduct: refunds and trust funds	4,463	6,477
Total	39,580	40,985

What It Is Spent For—

National defense	11,745	14,267
Veterans' services and benefits	6,799	5,495
International affairs and finance	7,218	6,709
Social welfare, health, and security	1,963	2,358
Housing and community facilities	349	358
Education and general research	85	417
Agriculture and agricultural resources	1,805	1,662
Natural resources not primarily agricultural	1,616	1,861
Transportation and communication	1,756	1,586
Finance, commerce, and industry	102	107
Labor	184	187
General government	1,187	1,223
Interest on the public debt	5,325	5,450
Reserve for contingencies	45	150
Adjustment to daily treasury statement basis		
Total budget expenditures	40,180	41,858
Surplus or deficit (—)	—599	—873

Car Output Cut

Production of Kaisers and Frazers to be cut back due to slower winter business. Consumer credit curb is blamed.

Full tilt auto production faltered for the first time this week. Kaiser-Frazer Corp. detected the beginning of a car pileup at dealer points. So it started to reduce its output.

• **Financing Blamed**—The company publicly blamed its curtailment on the effect of Regulation W—a Federal Reserve Board ruling which K-F president Joseph W. Frazer characterized as “one of the greatest indignities inflicted on the American people in a time of peace.” The consumer credit regulation, said Frazer and Henry W. Kaiser, had cut down auto financing in some areas as much as 50%. It had made it impossible, they said, for a \$400-a-month man to buy an auto out of income.

Other companies agreed privately. They admit that Regulation W, compelling one-third down payments and paid-up balances within 18 months, has affected their sales too. Their preference is for a 24-month term in which to pay off the balance. But they do not anticipate production cuts as a result—not in the near future, anyway.

• **Another Cut**—Lincoln-Mercury division of Ford Motor Co. whacked its production down by 10% this week, but for a different reason. Company officials said output couldn't be held up to the old level because of steel shortages. The Lincoln-Mercury production curtailment will continue until steel inventories have been built up again for a comfortable level.

Sales of Lincolns and Mercurys are still reported good. However, a slightly lower production rate will put fewer cars in dealers' hands; that will postpone the day when car stocks get too high. By the time the factory has more steel to make more cars, the spring market will be near at hand. That seasonal bulge in demand should keep the outlook bright.

• **Slow Business Ahead**—The Kaiser-Frazer cutback on production probably will turn out to be a temporary move. The curtailment is more in anticipation of slow business in the six or eight winter weeks ahead, not so much to remedy a bad condition now existing. Today's dealer field stocks are reported at less than 20,000 units; that's only about 4.5 cars for each of the company's 4,670 dealers and distributors. However, current operations are understood to be at least 700 assemblies a week above sales, so present floor stocks are steadily increasing.

Finance companies don't intend to see that happen. They are reluctant to increase their wholesale financing beyond present levels. This means that K-F dealers would have to carry any larger floor stocks themselves.

• **Alternatives**—Kaiser-Frazer also was wrestling at midweek with this problem: how to reduce its output from 675 cars daily down to 400 or so. The alternatives: (1) run one production line five days and lay off 3,500 to 4,000 men; (2) run both lines on a fluid basis, from three to five days a week. Company preference was for the latter procedure. Management felt it would lend more flexibility next spring, when output is expected to turn upward.

• **Union Notified**—But the company was not making up its mind by itself. K-F people have been discussing the problem and negotiating with their production union, the C.I.O. United Auto Workers, since mid-December. The viewpoints of the union will be considered in the final decision on method of cutback.

The union was first called in a month ago. It was asked to protest to Washington over the effect of Regulation W. The U.A.W. people demurred, however. They felt that any request for credit loosening might be interpreted as an inflationary tendency in opposition to the union's policy position favoring lowered prices.

• **Not Too Serious**—A cutback to about 400 units a week will not spell disaster for K-F apparently. Company official Edgar Kaiser insists that the firm can “operate and live” on 300 cars daily, and perhaps on as few as 250. Sales rates have been about double that latter figure recently. Of course, they can be expected to slow down further as winter lengthens.

Nevertheless, publication of the news last Monday caused an immediate bearish reaction in K-F stock on the New York Curb. Having closed at 8½ the previous trading day, it opened at 8½, and broke down to 7½. Other motor stocks were sluggish.

• **New Models**—The production cutback news came as the K-F dealer organization began to pour into Willow Run through the early part of this week to hear plans and see new models. K-F had four to show them. Two—a taxicab, and the Virginian, a hard-top job with convertible styling and a nylon cover over the metal—had previously been announced.

The others included an orthodox convertible, carrying the Frazer nameplate, and a brand-new idea in automobiles, the “Vagabond.” Closed up, the Vagabond looks like an orthodox 4-door model. With rear panels folded out and back seat telescoped, the vehicle can double as a station wagon or pickup truck.

Russian Ores

Will Russia really cut off our manganese and chrome? Or is it a bluff to get more imports from us?

Is Russia going to clamp down on shipments of manganese and chrome to the U.S.? The answer to that in Washington this week was “maybe.”

The question came up when Soviet trade officials told U.S. importers that it might not be possible to deliver full quotas of the two ores this year. Reason: “increased” requirement at home.

• **Makes a Difference**—What happens will make a difference to the U.S. We get 35% of our imports of metallurgical manganese—indispensable to steel production—and 40% of our imports of metallurgical chrome from Russia.

Best estimates are that Russia produces in the neighborhood of 2.4-million tons of manganese a year, exports only half. That leaves the Soviet far more than enough to supply its steel industry. So the experts laugh off that explanation for the possible move.

• **Trial Balloon**—They say that the Kremlin is floating a trial balloon; it wants to see how excited the U.S. will get over the prospect of a cutoff. At the same time, the Soviets figure that American importers and steel producers will put pressure on top policy-makers to relax controls on exports to Russia—and they are already.

Beginning last March, the Commerce Dept. began to screen closely all U.S. exports to eastern Europe, including Russia. As a result, our exports of machinery and vehicles to the Soviet Union dropped from \$109-million in 1947 to an estimated \$25-million last year.

• **Hurt Russia, Too**—Top brass in Washington are waiting to see if the Soviet Union really reduces its shipments before they start talking for publication.

They know it will take money, materials, and effort to expand alternate sources of supply. For manganese, that means South Africa, the Gold Coast, India, and Brazil; for chrome, Turkey, Southern Rhodesia, and New Caledonia. Last week Commerce made a start on getting more manganese: It allocated steel to a Canadian manufacturer turning out ore gondolas for the South African Rys.

They figure that the Soviet Union is bluffing. If it isn't, we will suffer a short-term inconvenience—no doubt about that. But once we build up other producing areas, it will mean a long-term loss for the Soviets. And they would also lose their favorable trade balance with the U.S.—approximately \$45-million in 1948.



SENATE STEERING COMMITTEE'S New Dealers have outflanked southerners like McKellar and George. (Above, seated: Kenneth McKellar, Theodore F. Green, Walter F. George, Scott

W. Lucas, Alben Barkley, Brien McMahon, Carl Hayden; standing: Joseph C. O'Mahoney, Elbert D. Thomas.) Leaders like O'Mahoney and Lucas will be among the keys to . . .

What Truman Will Get From Congress

It's no "rubber-stamp" Congress, so Truman will have to keep in touch with its leaders to get what he wants.

The 81st Congress is certain to be New Dealish—at least for a while. Whether it stays that way—and to what extent—depends almost entirely on Harry Truman. He knows that this Congress is not so New Dealish as he is, also that it is definitely not a "rubber-stamp" Congress.

• **Liaison Vital**—That means Truman will have to watch his step. If he falls back into his old habit of ignoring congressional leaders, he's in for serious trouble. The real key to the success or failure of Truman's program is liaison with Barkley and Rayburn. Such liaison will have to be more than perfunctory Monday morning conferences; it will mean taking time to talk out issues over Bourbon and water.

So far, Truman seems to be off on the right foot. His strategy now is to give Congress the job of drafting legislation. Thus, the Doughton and George committees will write the new tax rates; the labor committees will overhaul Taft-Hartley.

• **Administration Control**—Truman can trust these committees to give him most of what he wants. In almost every case, Administration supporters are in control of them.

For example: Not a Democrat on the Senate Labor Committee supported Taft-Hartley. And the four southerners on the House Labor Committee who voted for T-H have been neutralized by

appointment of newcomers friendly to unions.

• **Timetable**—The President's big congressional job will be to figure out timing with House and Senate leaders, decide when to bring up important bills. That timetable is still in the making. Probably one of the first major measures to come up will be a bill to raise the minimum wage. A fair-employment bill will only come very late—to prevent a southern filibuster from stalemating the legislative schedule.

The laws that pass won't be all that Truman hopes they will be. Even the most enthusiastic spenders will see to it that the budget is kept in balance—a hard reality which will lower a lot of New Deal goals. Some things that Truman asked for won't go through at all—prepaid medical care for one; universal military training for another.

• **The Outlook**—Just what will Truman get? Here are the likeliest answers:

Taxes. Truman asked for \$4-billion in new taxes; he will get less. The tax writers in Congress have differed with the Treasury consistently, ever since the war, on how much in taxes the national income would produce. Truman thinks he needs \$4-billion in extra revenue to balance the budget, reduce the debt \$1-billion or so.

Doughton and George rely on experts who say that by the end of the fiscal year there will be \$1-billion or so surplus

—not deficit—in the Treasury. Any tax increase will be scaled down to reflect the Treasury position then.

The talk on Capitol Hill now is to increase corporate tax rates enough to get upwards of \$2-billion in new revenue. That would mean raising the present 38% ceiling to around 45%. (The experts compute \$300-million in revenue for every 1% of rate increase over 38%.)

However, demands for relief to smaller corporations are loud enough to make a general revision of the surtax rates probable. For instance, Rep. Monroney of Oklahoma would give a substantial tax decrease to under-\$50,000 corporations; would give some decrease to those in the \$200,000 profit bracket. To make up the deficit, he would put on a new ceiling of 50%. O'Mahoney goes along with Monroney's idea; so do Sen. Murray and Rep. Wright Patman, the Democratic spokesmen for small business.

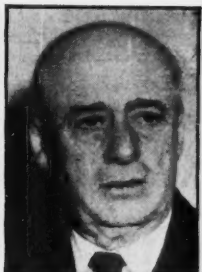
If \$2-billion are raised from corporations, then restoration of some of the Republican cut in individual income taxes would provide any addition. Probably incomes over \$16,000 a year would be hit, for an extra tax take of between \$500-million and \$1-billion.

Agriculture. Truman asked for a "parity of income" for farmers. Southerners in control of the agriculture committees take that as grounds for production controls over basic crops to keep the price up, and permanent 90% of parity support prices.

They will get some change in the Aiken-Hope law passed by the Repub-



Doughton



Rayburn



Patman



Cannon



Vinson

KEY ADMINISTRATION MEN in the House: In their hands will rest much of the job of drafting legislation—and getting it passed

licans, but not a complete elimination of the flexible price guarantees that now would range from 60% to 90%, starting in 1950.

Minimum Wage. Administration strategy is already set on this—to vote a simple increase in the hourly rate. The outcome will probably be somewhere between 65¢ and 75¢. This would avoid a fight over expanding coverage and eliminating exemptions that has blocked the legislation for several years. Southerners and congressmen representing the service trades—like laundries—will try to keep to the 65¢ figure.

Social Security. The payroll tax will be permitted to go up to 1½% on employers and employees—maybe before the present Jan. 1, 1950, date. But the President's proposal to lift the taxable ceiling on salaries from \$3,000 to \$4,800 will be compromised at around \$4,200. New coverage will include employees of hospitals and similar institutions, also state and local government workers on a voluntary basis.

The President wants to add on another ½% tax—4% on employer and employee—to pay for the Murray-Wagner-Dingell prepaid health insurance program. Best he will get will be some kind of federal grant-in-aid to states, and that's just a possibility.

Housing. The President's plan to build 1-million low-cost units with \$1-billion will be passed in a form nearer the original Wagner-Ellender-Taft formula—just half that.

Labor. The moderates in Congress have already won a big fight over the union demand for complete repeal of Taft-Hartley before any new legislation is considered. The President has endorsed the plan of Chairman John L. Lewis of the House Labor Committee to write a "singlepackage" bill.

This kind of Thomas bill, which would merely reestablish the Wagner Act. It also prevents pro-labor extremists from trying to filibuster against moderate revision of the Wagner Act once the Taft-Hartley repealer passes. So there will be provision for presidential interference in national emergency

disputes, ban on secondary boycotts and the like.

Business Controls. Mandatory allocation powers will be granted, on a standby basis, to beef up the Commerce Dept.'s voluntary allocation program.

Restoration of price ceilings have little support.

Truman's proposal to put the government into expanding industrial production is being modified (p.15)—the accent will be on "studies" and "investigation."

Synthetic Rubber Shows Pep

Industry bought 425,000 tons of synthetic in 1948—nearly twice the amount Congress ordered it to take. Price competition is big factor in success. And it's gaining ground on its own merits.

Uncle Sam's war-built synthetic-rubber industry has passed beyond the war-orphan class. When he gets ready to sell, he'll be offering a going concern.

• **Forced Consumption.** That is quite a change in a year's time. Early in 1948, the question was how to keep some of the plants running as insurance against an emergency. Washington decided the best bet was to ram synthetic down the tire industry's throat.

Congress decreed the ramming should total about one-third of capacity. This consists of about 600,000 tons of GRS (which goes into tires) and 65,000 tons of special-purpose synthetic. Thus, minimum required use in 1948 was to be about 222,000 tons.

• **Hungry Industry.**—Instead, the industry bought 425,000 tons of synthetic. (This, with 650,000 tons of natural crude, brought 1948 use of rubber to an estimated 1,075,000 tons of new rubber—second only to tire-starved 1947's total of 1,122,000.) Such volume for synthetic, in fact, was more than total U. S. rubber consumption in some of the leaner prewar years.

Price competition has been one of the factors in synthetic rubber's postwar success. The government has stuck to its price of 18½¢ a lb. for synthetic. Natural rubber, on the other hand, has ranged all the way from 15¢ to nearly 26¢ in the two years since the market was freed.

• **Price Boosters.**—A lot of things have entered into price gyrations. The Neth-

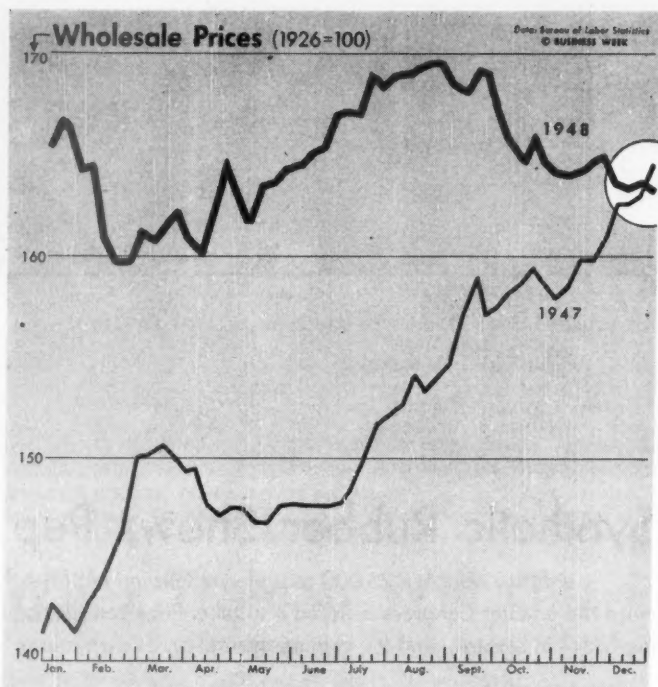
erlands Indies never have regained their prewar position as a producer. U. S. stockpiles at times have helped start prices up. And, just to complicate things, the Russians went on a spree of hand-over-fist buying last summer.

• **Price Checkers.**—But there have been two checks on prices: (1) Malaya has outdone itself as a postwar producer, and (2) American users have been able to turn to synthetic when they shied away from natural-rubber prices.

The rubber companies may prefer to use natural crude in many cases; but a price differential of several cents—natural crude got more than 6¢ a lb. above synthetic last summer—can sometimes outweigh mere preference. So the price of natural rubber is back down to around 19¢ a lb.; companies that like to work with it can buy it again without much of a price penalty.

• **On Own Merits.**—Meanwhile, synthetic has some strong points of its own. It hasn't as much bounce as natural crude, but it stands up better under certain conditions. It is oil resistant.

Finally, synthetic is looking to big things from its latest off-spring—cold rubber (BW-Oct.16'48,p.74). The tire makers, up to now, have preferred natural crude to GRS; but when synthetic is prepared at low temperatures, all hands agree that it makes a better tread. That's why the government plans to boost capacity for the cold product to 198,000 tons by the end of this year from the present 23,000-ton trickle.



Prices Off From Year Ago

It's the first time in a decade that a new year has opened with price averages below the prior one. Economists think foods and the cost of living will dip in 1949, industrials stay steady.

Whither prices in 1949?

This week you could look at a dramatic fact: By and large, prices in the opening days of 1949 were lower than in the opening days of 1948. It was the first time in 10 years that this had happened.

• **Downtrend**—What's more, most economists will bet that on New Year's of 1950 prices will again be lower. (They insist on this hedge, though: If defense spending is a lot more than what the President has plotted, all bets are off.)

While the price signs are in a minus vein, no one looks for a sharp drop in the over-all average—such as in 1920-21. You would need a real slump in business—not now in sight—to bring that on. Moreover, many prices today rest squarely on government props, therefore can't give much.

• **Cross-Currents**—And there is a great deal of "price dispersion" going on—some prices moving one way, some another. For example: Corn now sells for around \$1.50 a bu., as against \$2.50 a year ago; but at the same time lead is

up from 15¢ to 21½¢ a lb. Thus, because some prices are still on the up side, and the price parade isn't entirely downhill, the averages may not drop fast or far.

Here's the economists' thumbnail price outlook for 1949:

FARM PRODUCTS: The trend has been down and will keep going in that direction.

INDUSTRIAL PRICES: The trend is steady—maybe a shade on the downside.

COST OF LIVING: The trend is down.

Economists base these predictions mainly on supply and demand factors. What actually happens could be far different should three big "ifs" interfere—war, weather, wages.

• **Farm Prices**—In the farm products field, the grains are now selling a third below their highs. Most have gradually nestled on the props which the government has built for them. Thus, in 1949 there can't be any real movement in the grains—unless a short crop starts prices up again.

But meat and other livestock product prices have some leeway. They can go down—and, indeed, are on a downslope now. At wholesale, meats are averaging 4% lower than a year ago; hogs are down \$5 a cwt., for example, steers almost \$3. The big 1948 feed crops will help livestock supplies grow steadily in 1949. So lower meat prices are a real possibility.

All in all, farm prices are now about 10% off from a year ago, and they can readily ease off by that same amount during 1949.

• **Industrial Prices**—Nonfarm prices still average 4% higher than a year ago at wholesale. Strongest of all are metals and metal products, which are up 15% (BW—Dec. 25 '48, p. 60). But not all the nonfarm products are in this fancy class. A broad group—drugs, shoes, paints, cotton textiles—are down, not only from their peaks, but also from last year. And some lumber, paper, chemical, and other products already are off from their 1948 highs.

You can expect the declines to continue and broaden. Here and there supply is catching up with demand; productivity is better; raw material ingredients (cotton, hides) are cheaper; competition is forcing manufacturers to cut into profit margins.

On the other hand, the No. 1 factor in industrial prices is labor—and hourly factory wages went up almost 10% in 1948. Nobody looks for a decline in labor costs in 1949, what with fourth-round wage demands coming up.

So, broadly speaking, economists don't think that nonfarm prices as a group—and industrial prices in particular—will drop much in 1949. You will see more "dispersion," not a great deal of index movement.

• **Cost of Living**—Living costs have been losing steam ever since August. The November figure (last available) was still 5% over the year before, but it was down to 172.2 from the 174.5 high. Food was the big reason why.

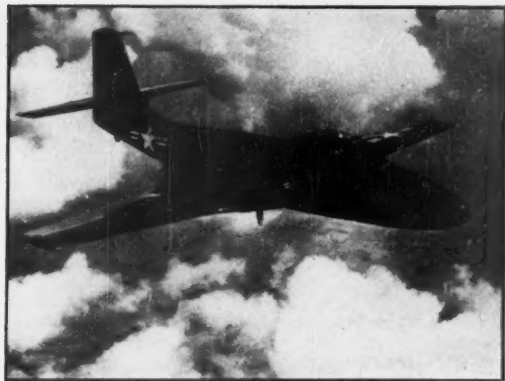
Cheaper prices on industrial consumer goods haven't shown up fully in the index as yet.

There's this tricky factor to consider: During the war, labor yelled about "hidden inflation"; now the reverse—an era of "hidden deflation"—has begun. There are more clearance sales, more goods in low-end lines. Quality has improved. Merchants are dangling special discounts, faster delivery, even "distress" merchandise as bait. Little of this appears in the official statistics.

• **Autos, Steel**—The downtrend is unmistakable even in those two mighty strongholds of hidden inflation—the "new used" car market (BW—Jan. 5 '49, p. 19) and the "gray" market in steel (BW—Dec. 25 '48, p. 19). It suggests that 1949 will truly be the year of a return to price stability.



"LITTLE HENRY," 310-lb. ram-jet helicopter, is a McDonnell design that's still experimental, while . . .



THE BANSHEE is a McDonnell design that's in the production stage; 235 are being made

McDonnell's Design Ideas Pay Off in Profits

St. Louis aircraft manufacturing company was one of the first to pull out of the red after the war. It gets new contract.

McDonnell Aircraft Corp. of St. Louis has hit the big time since the end of the war.

• **New Order**—Last week it firmed up its position among the airplane industry leaders: In a design competition with eight other major companies, McDonnell won a \$1-million experimental order from the government. The secret design is for a "very advanced . . . new-type fighter"; the government isn't even saying what service it's for. The present order will bring funds to build and test models in wind tunnels, and to build a "mockup." If the government likes the mockup, it will put up more money for two real planes. Then if they succeed in tests, the government will let a production contract.

• **Built on Design**—Successful designing is what's behind McDonnell's fast rise. Less than 10 years ago the company started out with a handful of men. Now it operates a huge war-built plant at Lambert-St. Louis Municipal Airport (rented from the city for \$480,000 a year). It has a backlog of nearly \$90-million, employs about 6,000, and is one of the first plane makers to get back into the black after the war.

All McDonnell's business is military (and the company now has no plans otherwise). So every order it gets is from the government—based on spirited competition with other plane makers. McDonnell's designing skill paid off in total sales of more than \$20-million during its fiscal 1948.

• **Rockefellers Interested**—McDonnell's performance has attracted more than government orders. It has also caught the eye—and the pocketbook—of the

Rockefeller brothers. This month the five sons of John D. Rockefeller, Jr., and their sister, Mrs. Abby R. Pardee, officially said they have invested \$400,000 in McDonnell Aircraft; they hold over 20% of the outstanding common stock. Laurance S. Rockefeller is a director.

The investment is serviced by Rockefeller Bros., Inc., which looks after risk capital that the Rockefellers supply for businesses throughout the world (BW—Mar. 1 '47, p. 17).

• **The Man McDonnell**—A McDonnell risk is a calculated risk—by the nature of the man behind the company. He is

James S. McDonnell, Jr.—an aircraft engineer who has carried slide-rule calculation from the design table into supervisory policy.

"Mr. Mack"—as he's known to everybody in the plant—speaks once a week to the whole personnel over a public-address system. He calls them "the team," with every worker a "teammate"—even in conversation with outsiders.

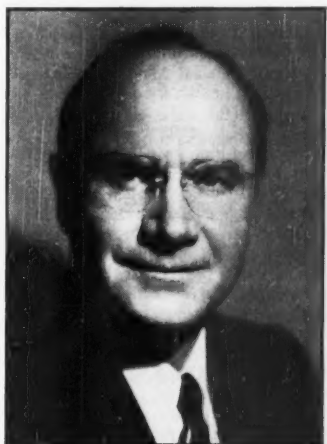
• **The Start**—McDonnell, now 49, was educated at Princeton, Massachusetts Institute of Technology, and an Army Air Corps flying school. He got into commercial aviation in 1924 as an engineer and pilot. After working for several aircraft companies, he formed an engineering firm called J. S. McDonnell & Associates in 1928.

The firm's product was a low-cost monoplane of McDonnell's own design—the "Doodlebug." While working out the bugs, the company was set back by several accidents; before it could get going the depression caught up with it. So in 1931 McDonnell joined the Glenn L. Martin Co., stayed for six years.

Then he went to St. Louis with a headful of ideas—and a briefcase. His brother, William A. McDonnell, a St. Louis banker, helped him see the right people. From them he got the financing for McDonnell Aircraft Corp.

• **Wartime**—The company had no orders—just time on its hands to whip up designs aimed to please the Army and Navy. The first contract for an experimental plane of McDonnell design came in the fall of 1941—followed by a \$15-million production contract. But the plane burned in flight and the contract was canceled.

By this time the war was on. McDonnell shifted most of its emphasis to making airframe components on sub-



BEHIND THE COMPANY is James S. McDonnell, Jr., founder and president

contracts. It did \$7-million of this business during the war.

• **Big Helicopter**—There was still time for designing for the future. In 1944 the company got a Navy contract for an experimental twin-engine helicopter—the five-ton XHJD-1.

The first McDonnell-designed plane to go into multiple production was the Phantom. It was the first all-jet fighter to land on an aircraft carrier (in mid-1946). The company made 60 of these. Now it is turning out a more advanced all-jet Navy fighter—the Banshee. An order for 235 is to be completed in 1950. There has been a lot of other experimental work for the Army and Navy, and other planes are in the works.

Last year brought "Little Henry"—a tiny ram-jet helicopter developed for the Air Force as a vehicle for liaison, artillery spotting, and courier service. "Little Henry" is still experimental, but it has attracted a lot of attention.

• **Payoff**—The company's design success has been reflected in its income account. The profit for fiscal '48 was \$14-million, or \$7.23 a common share (vs. \$2.25 in 1947). There have been no dividends on the common, but the 5,000 shares of preferred pay \$6 a year.

The stock is traded over-the-counter, and is pretty closely held. Of 831 common stockholders, 430 are employees; they own 41% of the 227,000 common shares outstanding.

Ammonia Clock Will Serve Radio, Chemicals

Scientists don't often discover new ways to measure such basic things as distance or time or weight. But last week researchers at the U. S. Bureau of Standards had done just that. Dr. Harold Lyons and co-workers had developed a completely new kind of clock. It is a clock that uses an ammonia molecule for a pendulum—and is nearly a hundred times as accurate as any previous method of measuring time.

• **For Industry**—Actually, the Bureau scientists have more than a clock. They also have a fairly simple way of producing definite radio frequencies more accurately than ever before.

That's important to the whole radio and television industry, because the closer that broadcast stations can stay to their assigned frequencies, the more stations can be packed into the radio spectrum. At present a fairly good standard frequency is broadcast regularly from Washington; but it's distorted by distance. The new apparatus could be installed anywhere that a standard frequency is needed.

Accurate frequency determination is also important to the chemical industries. Microwave spectroscopy—measuring the high frequency radio waves emitted by chemical compounds—is one of the latest and most delicate methods of identifying them.

• **Atomic Pendulum**—Any clock works by counting something that happens quite regularly: the swings of a pendulum, the rotations of the earth, and in your electric clock the alternations of city current. Trouble is, none of these are very regular; even the earth rotates sort of bumpy.

The researchers have now found how to use something more regular—the vibration of atoms inside a molecule. If they are stirred up by radio waves, the atoms will jump, absorbing the energy of the waves. But they'll only do it if the frequency is exactly right, is one to which they are resonant.



BUREAU of Standards head Edward Condon holds model of ammonia molecule which is "pendulum" for the atomic clock

Very roughly, the clock works like this:

An electronic oscillator generates high-frequency radio waves at a frequency that is supposed to be the resonant frequency of ammonia. Some of these waves are routed through a 30-ft. tube of ammonia gas wound around the clock face. If the frequency is right, the waves are absorbed. But if it's wrong, the waves pass through and become an error signal. This signal is fed back to one of the radio tubes of the oscillator, changing its frequency to the correct value. This ammonia-controlled frequency can now be put through "divider circuits" to reduce it to any convenient value. One convenient value is 50 cycles, which will drive a standard electric clock.

Damage Suits

O'Sullivan Rubber sues Interchemical: breach of contract; Motorola vs. Admiral: television patent infringement.

Two U. S. corporations poured powder and ball into their legal guns last week, drew beads on two other companies which, they alleged, had done them wrong.

• **Two Suits**—O'Sullivan Rubber Corp., of Winchester, Va., asked for \$1,072,450 in damages from Interchemical Corp. for alleged breach of contract.

Motorola, Inc., filed suit in Chicago, charging that Admiral Corp. had infringed four television-receiver patents.

• **O'Sullivan's Story**—O'Sullivan's brief said that the company had started building a new plastics plant near its rubber factory early in 1947.

In June, 1948, says the company, O'Sullivan and Interchemical signed an agreement. Under it, O'Sullivan would use a major part of its new plant capacity for plastics output—most of which Interchemical would buy. Interchemical would (1) pay O'Sullivan for production costs; (2) share marketing arrangements and outlets; (3) share the profits with O'Sullivan.

• **Demands**—On Oct. 6, 1948, says O'Sullivan, Interchemical repudiated the contract. So O'Sullivan wants:

• \$150,000 in expenses which it incurred in developing outlets for the plastic;

• \$546,750 which O'Sullivan figures it could have got by sale of stock if the contract had not been canceled.

• \$15,700 in expenses incident to offering the stock;

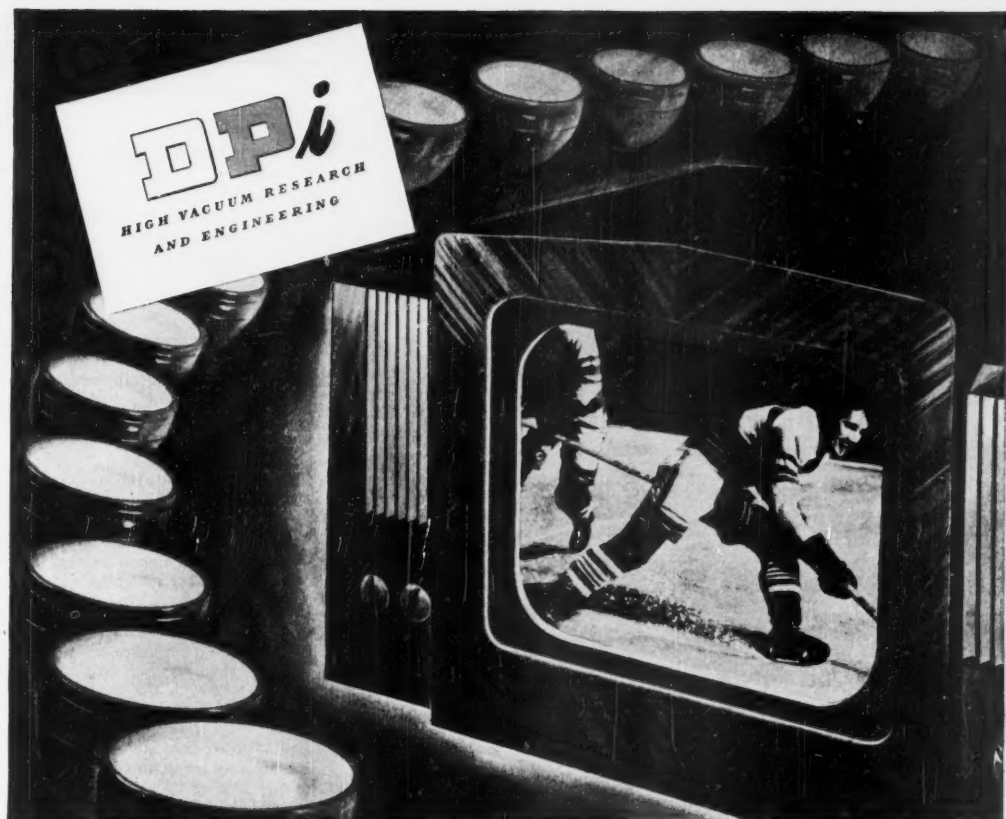
• \$560,000 in profits which O'Sullivan says it would have made, had the agreement been carried out.

• **Motorola's Story**—The Motorola suit calls for triple damages and an injunction against Admiral. Here is the company's story:

Motorola began production of its seven-inch-tube television receiver in October, 1947. The trade saw it for the first time at the Chicago home furnishings show in January, 1948. Price was \$179.95.

Also at the show, says Motorola, was a seven-inch Admiral model advertised to sell at \$169.95. Motorola charges that this set was made of many Motorola parts, some of which even bore the Motorola trademark.

• **"Spite Suit"**—Motorola's allegations, says Ross Siragusa, Admiral's president, are completely unfounded. He called the action a "spite suit" timed to coincide with this year's furniture show (page 76).



Gangway for a Billion Pin Points of Light

"High vacuum of 2×10^{-6} millimeters of mercury" is a scientific-sounding phrase, utterly meaningless to most people. Yet these same people are enjoying the benefits of high vacuum in scores of ways right in their own homes.

Perhaps *you* may be reading this under a light that shines brighter because of high vacuum in bulb or fluorescent tube. Your radio plays sweeter because of higher vacuum in radio tubes. Without high vacuum you couldn't have television. Better removal of air from the receiving tube means greater clarity, more faithful images on the television screen:

The plastic ash tray at your elbow—many of the vitamins and miraculous pharmaceuticals in your medicine cabinet—the cosmetics on the dressing table—are among many products which have been—or can be—made better in quality, lower in cost because of distillation, dehydration or metallic evaporation under high vacuum.

Now ways of using high vacuum

are constantly being discovered in refining industries, in medical science, in metallurgy, in dehydration, in food concentrates, in textiles, in atomic energy!

DPI can aid in research in setting up pilot operations and can advise on engineering and building complete installations for profitable commercial applications of high vacuum. We invite inquiry.

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BUSINESS BRIEFS

Homebuilding in 1948 did the expected (BW—Nov. 27 '48, p19). About 925,000 units were started. That's better than 1947 (\$49,000), next-best to 1925 (937,000).

Nestle Co., makers of Nescafe and other food products, is moving its executive offices from New York City to Colorado Springs. All or most of its production may follow.

Five Chrysler dealers in Washington state have been indicted for fixing prices on auto parts. A federal grand jury says the dealers—who also act as wholesalers—conspired to boost prices 5% to 25% in two years' time.

Rheem has closed its Birmingham (Ala.) plant. Rheem's decentralization program (BW—Jul. 31 '48, p58) hit three snags there: lack of regional demand, shortage of steel, high additional freight charges to distant markets.

Mergers: Sale of Standard Wholesale Phosphate & Acid Works is nearly completed. For \$8.7-million, Mathieson Chemical gets all the assets, including the newly finished sulphuric acid plant in Baltimore, one of the world's largest. . . . It cost McNeil Machine & Engineering an estimated \$2.5-million to buy 90% of Cleveland Crane & Engineering's outstanding capital stock.

B. F. Goodrich's sale of private-brand tires for Gulf has brought on a suit. The National Assn. of Independent Tire Dealers charged that the deal discriminates against independents in price, shuts off the service station market. The association is already suing major tire companies for price fixing (BW—Oct. 9 '48, p28).

Sheffield Steel now owns or leases all the WAA's Houston (Tex.) surplus steel facilities. The Armaco subsidiary has just paid \$7.1-million for a blast furnace and coke oven there, plus iron-ore beds. It will build two open-hearth furnaces.

Maritime Commission has plans to spend \$95-million for 17 high-speed passenger-cargo ships and tankers—if Congress approves. They will be leased to private lines, will be easily convertible to military use.

State leases for tidelands no longer attract oil operators. With the government's suit hanging fire (BW—Jan. 1 '49, p23), Louisiana can't get any bids from would-be leasees for its tideland tracts.



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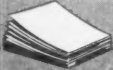
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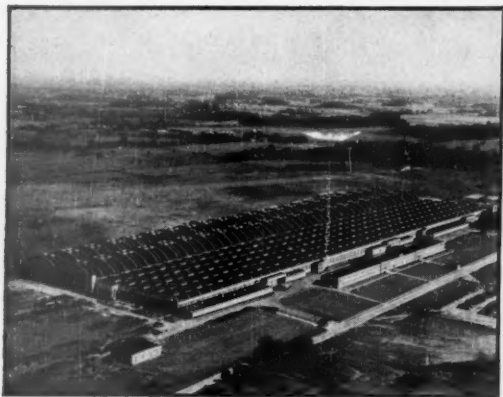


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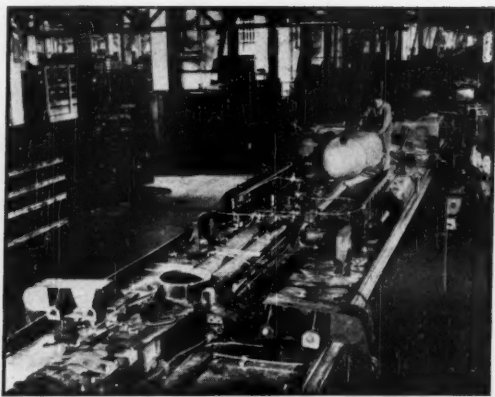


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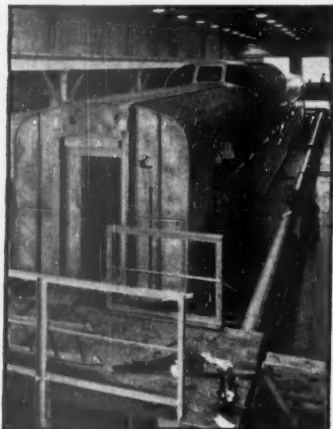
TRANSPORTATION



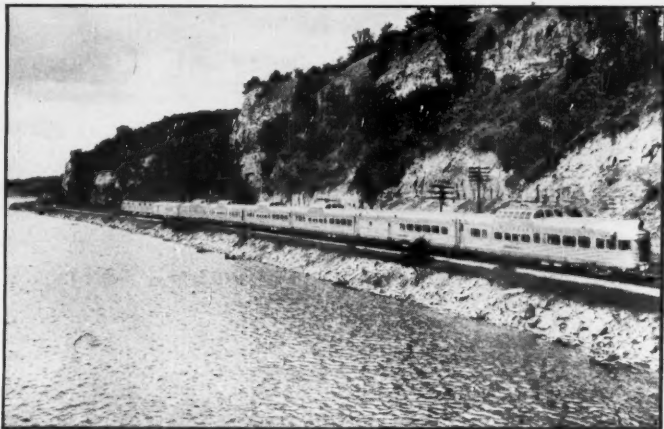
RED LION plant is home of Budd's stainless-steel cars. First . . .



EQUIPMENT is installed. After welded body goes on . . .



TEST machine gives car a 2-million-lb. hug



ON THE ROAD, Vista-Dome cars pay off for railroads; that's why . . .

Streamliners Pay Off for Budd

It had a tough job selling its first stainless-steel cars 15 years ago. Now Budd's order backlog runs through 1950.

The Central of Georgia's crack Man O'War shows what a lightweight streamliner can do for a railroad. The gleaming, stainless-steel train, made by Budd Co., replaced two steam trains on a short-haul, multiple-stop service in 1947. At the end of its first year it turned in a profit of \$40,000—as against an annual loss of about \$100,000 on the two old steam trains.

That's proof of the doctrine Budd has been preaching for the past 15 years, since it sold its first stainless-steel streamliner. The Burlington was the

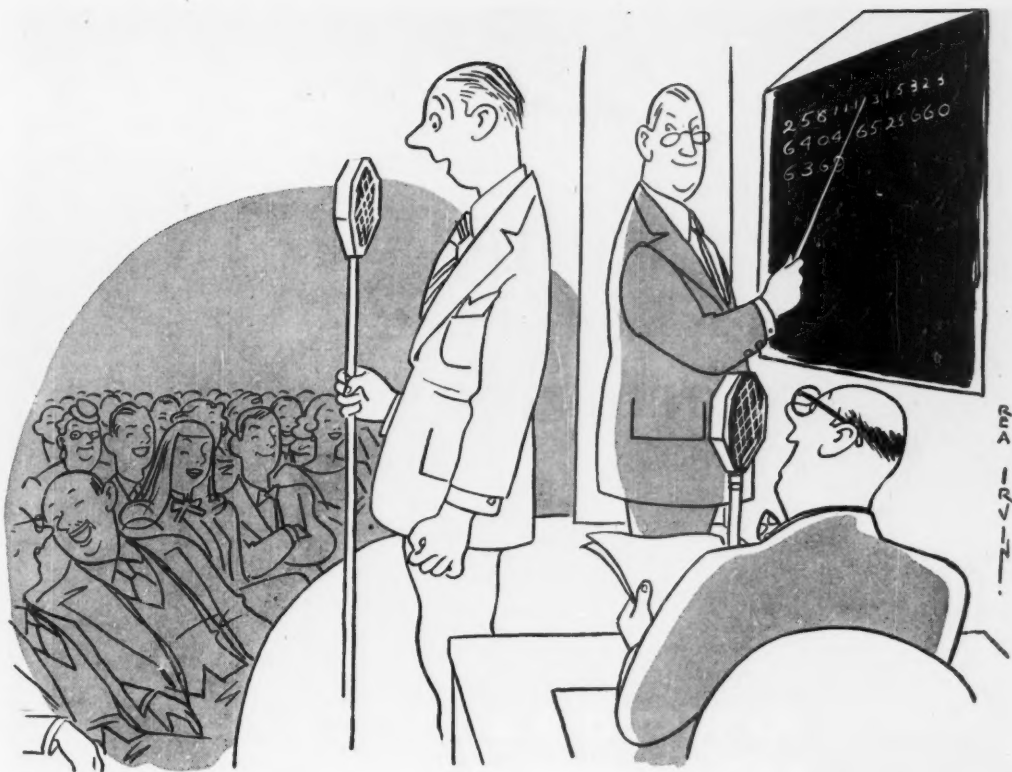
first railroad to listen to Budd's argument that lightweight passenger trains would cut operating costs, get passenger service out of the red. Its Pioneer Zephyr—still running and in good condition today—was an eye-opener for U. S. railroads.

• **California Zephyrs**—Last week there was further evidence that the nation's railroads have learned the lesson well. Budd shipped the last car in a \$9.5-million order placed jointly by three roads—the Burlington, Western Pacific, and Denver & Rio Grande Western. The

trio now have six complete 11-car trains for the run between Chicago and San Francisco (BW—Sep. 29 '45, p. 28).

The California Zephyrs are Budd's latest word in rail transportation. Their crowning glories are the Vista-Dome cars, which have glass bubbles, for full-view observation, on the roofs. These cars follow the general type of General Motors' famous experimental Astradome cars (BW—Jul. 28 '45, p. 55).

• **Banner Year**—Orders like this one help to explain why 1948 was a banner year for Budd. Its sales ran to \$200-million, about 20% of which came from the streamliner business. That's about \$7-million better than 1947. Budd's profits were also higher: The net for the



But it's easy to remember 258111315323640465256606369!

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first nine months of 1948 was \$7.8-million as against \$4.6-million during the same 1947 period.

Last year's sales and profits are particularly encouraging in view of the company's past record, for Budd, until very recently, has been known to Wall Street as a topnotch producer with a spotty profits picture. In large part Budd's difficulties—and its successes—were due to the company's founder, Edward Gowen Budd, Sr.

• **Rebel**—In 1912 Budd set up the E. G. Budd Mfg. Co. in the Kensington section of Philadelphia. From the outset he was a rebel who had to get his novel wares accepted before he could sell them.

Budd was first of all a pioneer with the all-steel automobile body. To get the auto makers interested, Budd had to use novel publicity tricks. And he had to wage a tough fight against the old school of body makers, who had a vested interest in timberland, sawmills, and woodworking shops. G.M. gave Budd its first order for all-steel bodies. But the number was limited. The first really substantial order came from Dodge in 1915.

• **Steel Wheels**—It was much the same story with the steel wheel. The company had already set up the Budd Wheel Corp., but it took the use of Budd's steel wheels during World War I to prove their value. (Budd also turned out considerable munitions and other materiel during the war.)

Budd's third break with tradition came during the depression. It resulted from development by the company of the Shotweld process of controlled resistance welding. This made it possible, for the first time, to weld stainless steel easily.

• **Streamliners**—The process really began to pay off as the depression deepened. Edward Budd could see only a continued downcurve in car sales, so he diversified. This meant stainless-steel products—particularly truck trailer bodies and streamlined trains.

Again Budd had to thump the tub for a product few would accept at first. He pointed to declining passenger revenues on the railroads as cars and buses took traffic away. He argued that stainless-steel trains wouldn't only cut operating costs, but also they would attract public attention—and new riders.

• **Conventional View**—Possibly the toughest nut to crack was the conventional view about weight in railroad cars. Weight spelled safety. It took some time to prove that stainless-steel, though lighter, was also stronger than ordinary steels.

The Burlington's Zephyr was Budd's trump card: The 219,000-lb. streamliner cut the running time of its 1.5-million-lb. steam predecessor in half. (It used to take eight hours for the Omaha-Kansas



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Mechanization of America's progressive bituminous underground coal mines—in which more than 91% of production is mechanically cut and 60% is mechanically loaded—is evidence of the vast technical skill behind America's coal production records.

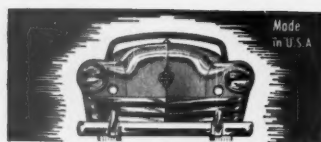
Today's mines themselves—as well as their rail and conveyor belt systems, and efficient coal treating plants for preparing coal for shipment—are carefully planned for safety, productive efficiency, and maximum conservation of coal's resources. Today coal mining is an increasingly attractive and satisfying field for young men with engineering talent and skill.

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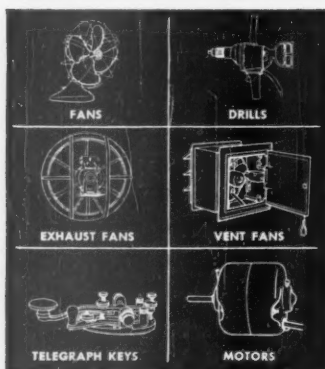
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City run.) After that the Rock Island began ordering its Rockets; then the Burlington came back for more streamliners. These trains continued to slash schedules dramatically, show remarkably efficient operation records. For instance, the Denver Zephyrs have covered 4.5-million miles without need of replacement.

• **Red Lion Plant**—In World War II, Budd got an Army contract for 800 Conestoga cargo planes. It stamped out the parts at its main plant, assembled them in a huge \$13.2-million plant which had been built by the government at Bustleton, just inside the Philadelphia city line.

This has had an even greater significance for Budd since the war. It first took a five-year lease on the 27-acre plant and re-named it the Red Lion Plant. Budd transferred its railroad-car division there. Now it is negotiating with the government for the purchase of the plant, has bid \$5-million.

At the new Red Lion plant, Budd now turns out two railroad cars a day on six production lines. Last week 110 stainless-steel coaches were in one stage or another of construction there. There were also a number of Freuhauf stainless-steel truck trailers, another product of the Red Lion plant.

• **Merger**—Equally important to the company's future has been another post-war move—reorganization.

Critics had long complained that the Budd setup was cumbersome, that it was at least partly responsible for the spotty earnings record. The existence side by side of the parent company and the wheel company meant a duplication in sales, purchases, engineering, administration, and paper work. In any case,

from 1931 to 1944, E. G. Budd Mfg. passed every dividend and Budd Wheel skipped six years. Finally, in 1946, Edward Budd merged the two companies into The Budd Co. (BW—Apr. 20 '46, p61).

• **Bright Future**—Budd's future in the railroad-car business looks pretty bright. The market is big and should last for years. Four out of 10 passenger cars operating at the end of the war had been built before 1917; seven out of 10, before 1926. As it stands now, Budd's backlog runs well into 1950.

The export picture looks bright, too. Brazil has just received the first Budd car out of an order for 65. Elsewhere in South America there are good possibilities. Argentina, for instance, is getting ready to order heavily for its railroad modernization program.

• **Other Activities**—But the backbone of Budd's business is still auto-body parts, for which it first became famous. These are made at the company's main plant, in North Philadelphia. This comprises some 2-million sq. ft. of space in 23 buildings.

The steel-wheel business is still centered in Detroit, where the company owns two plants. Budd claims that there are more of its wheels on buses and trucks than of all other manufacturers combined.

Budd turns out still other products. These include:

Subway cars for New York City.
Plows for Dearborn Motors and Harry Ferguson, Inc.

Disc brakes (BW—Nov. 8 '47, p74). This is Budd's latest. It replaces the conventional iron-shoe railroad brake with one that is something like an automobile brake. It uses asbestos-lined shoes,

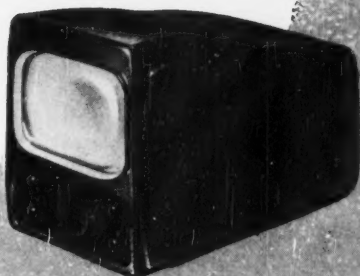


TWIN-BLADED PLOWS, a little-known Budd product, go to Ford and Ferguson

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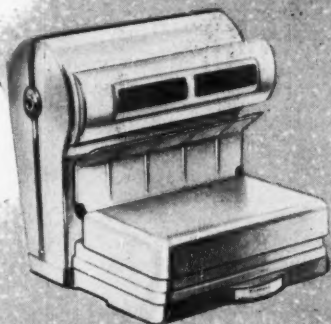


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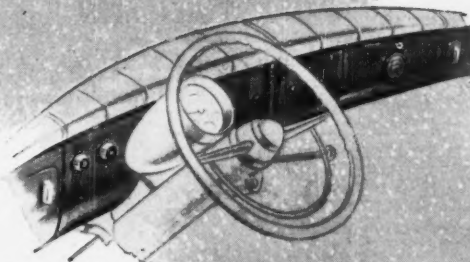
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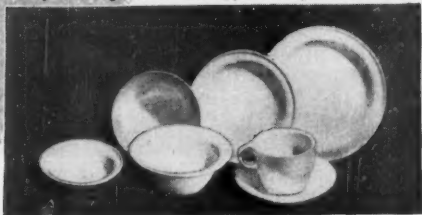
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GIANT PRESS can stamp out duplicates of this Studebaker roof section every 45 seconds

which grip a revolving disc attached to the axle. More than 200 sets are on order.

To railroads and others, Budd can also offer the facilities of its research staff and laboratories. These, Budd offers at cost.

• **New Head**—Present head of the enterprise is Edward G. Budd, Jr., who took over on his father's death two years ago (BW—Dec. 21 '46, p. 32). He contemplates no change in policies or management. But he does see a readjustment in the over-all sales picture. Budd thinks that with continued demand for new rolling stock, railroad equipment may someday comprise about 40% of Budd's business.

AIR COMMUTERS' SPECIAL

Passenger air traffic between San Francisco and Los Angeles is heavy enough to make it lucrative. Until now, United Airlines, Trans World Airlines, and Western Air Lines have shared the business.

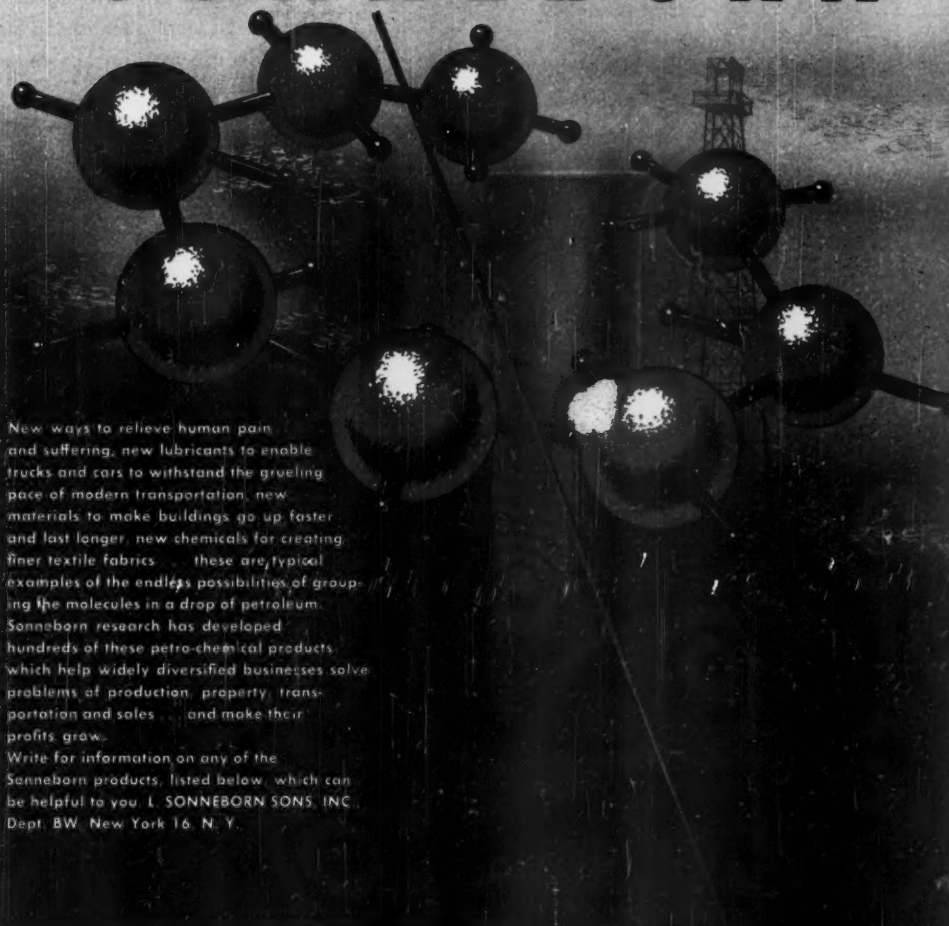
Last week a new competitor declared himself in—with a rate just a shade under 50% of established fares. The new entry is California Central Airlines, an intrastate operator beyond the reach of the CAB.

California Central is plugging "air-coach commuter" service, three flights a day in both directions on its two 28-passenger DC-3's. A one-way rate of \$11.49, including tax, compares with the established rate of \$24.21.

C.C.A. is under the same management as Airline Transport Carriers, Inc., Los Angeles, a nonscheduled line that offers transcontinental passage for \$99.

California's Public Utilities Commission is investigating the Los Angeles-San Francisco rate.

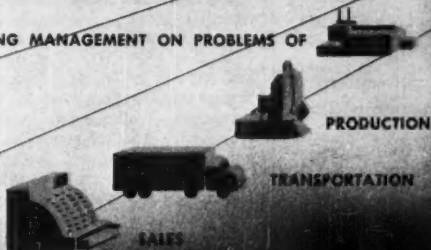
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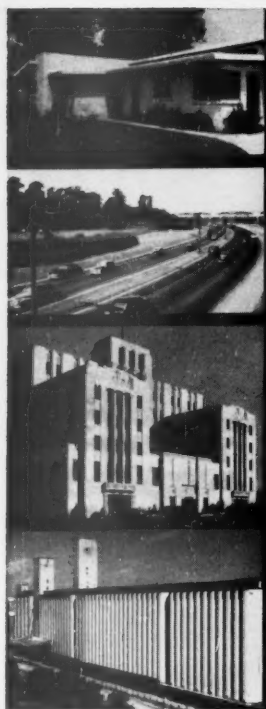
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Air "Coaches"

Idea of low-cost flights is spreading among scheduled airlines. Its use may be answer to carriers' woes.

"Coach service" is just about the hottest thing in the air-transport field today. So far, only a few of the scheduled airlines are offering this inexpensive, frill-less transportation, but others are sure to take it up. Nevertheless, some of the top carriers either aren't interested, or have spoken out in opposition to the trend.

• **Convert**—Biggest domestic convert is TWA—one of the lines which originally opposed the idea. The day before Christmas, the line applied to the Civil Aeronautics Board for an O.K. on a 46-a-mile fare between Kansas City and Los Angeles, to start Jan. 12. Last week CAB turned it down—for a purely technical reason: TWA had not given the statutory 30-day notice.

So TWA will refile its coach tariff on proper notice. And this time CAB is expected to approve.

• **Enthusiasm**—CAB has taken no official position on the broad question of coach fares. By and large, it acts only on individual applications. But its members are said to be fairly enthusiastic about the potentialities of the idea. The leveling off of domestic passenger volume in the past 18 months has worried them. And they feel that higher fares are not the whole answer to the scheduled airlines' revenue problems.

The board has already gone on record as favoring "promotional" fares to attract new business (BW—Oct. 9'48, p19). And coach tariffs are certainly of the promotional type.

• **Pioneer**—Real pioneer among the certificated airlines was Pan American. It inaugurated coach travel between New York and Puerto Rico back on Sept. 24. The aim was to counter the threat to its revenues posed by nonscheduled carriers such as Trans Caribbean Airways (BW—Sep. 4'48, p84). Pan Am remodeled some of its DC-4s. Instead of the regular hot meals served to first-class passengers, it offered box lunches, coffee, soup. And, of course, it charged a much lower fare.

Results have been beyond expectations: Load factor averages about 85%. The coach service has affected first-class travel somewhat, but the extra revenue has more than made up for it. Now Pan Am is actively surveying the possibilities of extending the idea to other parts of its system.

• **Domestic Use**—Capital was the first of the domestic scheduled airlines to plump for the plan. It first proposed a

New York-Chicago service, with one stop at Pittsburgh, on Oct. 15. Flights leaving at 1 a.m. were to be on a no-reservations, no-meals basis. DC-4s would carry 59 passengers; one-way fare would be \$29.60 plus federal tax (rail coach fare, \$27.30; first-class air fare, \$44.10). CAB authorized a 90-day trial period starting Nov. 4.

Capital, like Pan Am, is enthusiastic over the results. The service got off to a slow start. But in December, 50 flights carried 2,145 passengers—a load factor of 77% (50% is the break-even point).

Capital's 90-day test runs out on Feb. 4. It has already applied for a permanent tariff; CAB will almost certainly approve, despite possible opposition from United.

• **Others Interested**—Several other airlines either are in or are trying to get into the act. Among them:

Northwest Airlines last month started thrice-weekly passenger-freight service between Seattle and Alaska. Passenger fare is \$70, compared with a \$92 first-class fare. Plane is a modified DC-4 with 54 fold-up and removable seats. Northwest also asked CAB for a coach fare between Washington, D. C., and Minneapolis, but withdrew the application this month "because of lack of equipment."

Continental Air Lines has asked for a \$20 fare for a no-meals, no-frills, non-stop, early-morning flight between Kansas City and Denver. Rail coach fare is \$16; pullman about \$28.

Mid-Continent Airlines last month proposed a \$10 fare between St. Louis and Kansas City, down from \$14. CAB turned it down on the 30-day notice angle. But this was a little different: The line presumably planned to charge the new low fare on all flights, with regular equipment and service. There is little chance that such a deal will be O.K.'d.

• **"Big Four" View**—Aside from TWA, the "Big Four" carriers are cold to the idea. American is still "studying the possibilities." Eastern "has no plans at the present." United thinks any lowering of the fare structure "should be carefully studied." It's opposing TWA's bid because of the possible effect on transcontinental traffic: United is afraid that passengers, to save money, will fly by coach from Los Angeles to Kansas City, then first-class the rest of the way.

• **Basic Worry**—That comes close to the basic question that's bothering the industry: Where are the coach passengers coming from? If they're coming from among first-class air travelers, that's bad. But if they're coming from the railroads, or from people who wouldn't otherwise have traveled at all, that's fine (for the airlines). Capital thinks that's what is happening.



Royal Visitors to Every Home

...Royal Bags

IF YOURS IS A PRODUCT that must shout for attention on dealers' shelves, your package deserves Royal treatment. Since 1895, Royal has produced bags that both protect and sell. Royal makes "automatic bags" that stand up without support, as well as every variety of specialty bag and wrapper—including Flav-o-tainer®, the amazing bag that provides vacuum-packed freshness at paper-bag cost. Royal works with

foil, film, Cellophane and all kinds of paper. Royal prints by letterpress, rotogravure, and the economical Densatone process. You are welcome to use the specialized services of Royal's own design and engraving departments.

Before you place your next order, check the advantages—and the low cost—of giving your packages Royal treatment. Write, without obligation.

*Printed and plain bags of every description for packaged products
... from foil, film, and all kinds of paper.*

THOMAS M. Royal & COMPANY

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THIS ONE PRESS DOES THE WORK OF THREE!

Built-for-the-Job Hydraulic Presses have built a Big Name for ELMES

If your pressure-production work is a *bottleneck* you'd like to break—or if costs have crept up, and you'd like to get them down—here's a *good thing* to know. Elmes ingenuity in *special-press* design can bring you relief on both counts. An example is the press shown here.

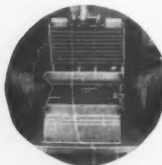
PROBLEM: The molding-on of insulation, each mold to contain several pieces, all requiring wiping—and the mold to be thoroughly cleaned after each pressing. Handling and pre-heating took so much time that three presses of *standard* type would have been needed for the volume.

SOLUTION: Since *preliminary* heating need not be done under pressure, Elmes visualized it as *one stage* of a three-step sequence, and this rotating-table Three-Station Dial Feed Hot Molding Press was developed. At one station, the work is loaded and unloaded. At the next, preliminary heat is applied. And, at the third, work is subjected to pressure. Temperature, time, and pressure all are controlled *automatically*.

Mold design, *too*, is a novel feature. For easy accessibility, three-leaf molds are used, hinged at the back to *open like a book*. And, as an integral part of the press, an air hoist is provided to open and close the molds, *one leaf* at a time.

FOR YOUR PROBLEMS, TOO

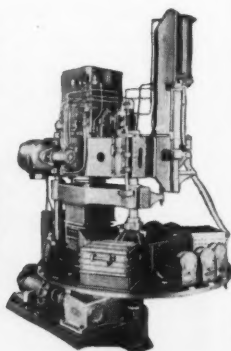
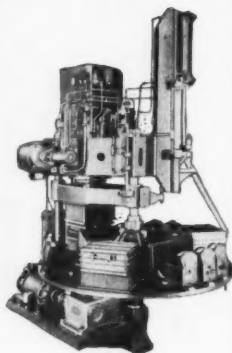
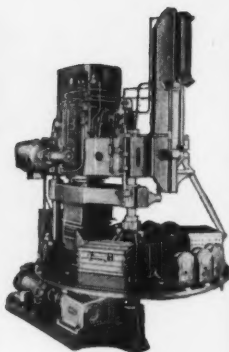
Elmes hydraulic pressure is sure, yet gentle—amazingly adaptable. So, whether your work takes a standard press or a "special" built just for you, ask Elmes for helpful suggestions on how to do the job. Others have found it profitable. *Elmes Engineering Works of American Steel Foundries, 214 N. Morgan St., Chicago 7.*



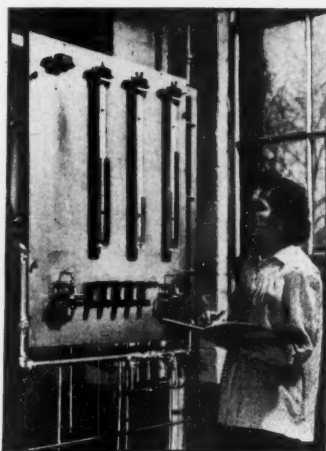
A mold as fully open for unloading, cleaning, and reloading of bottom section. Half-travel of air hoist opens top-section only. Upward movement of the press swings hoist hook clear for dial rotation. Downward movement engages hook.

ENGINEERED BY ELMES

Good Hydraulic Production Equipment Since 1851



READERS REPORT:



She's Watching Manometers

Sirs:

The articles in your *Production* section are often helpful because they let us know when we should make a closer study to develop markets for Flowrator instruments that we manufacture.

Once in a while, though, you inject a little twist that makes us raise our knowing eyebrows. For instance, the photograph [above] caused much head wagging here, not because you managed to include a technical assistant of the fairer sex but, because you captioned it "Measuring Gas Flow" [in coal-carbonization studies, BW—Nov. 27 '48, p. 46].

The three long gimmicks that rivet the young lady's attention are manometers, which we suspect are used for measuring gas pressure. The flowmeters are shown in a bank of five at the bottom of the instrument panel and as a single instrument at the extreme left of the panel. We so abhor the thought of trying to read flow from a pressure gage that we've considered having one of our eligible young service engineers call on the lass to suggest that she get her gas-flow readings from the gas flowmeters; or maybe we should give your photographer a session in our College of Flowrator Meter Knowledge.

R. W. FRITZSCHE

FISCHER & PORTER CO.,
HATBORO, PA.

Crosley's Compression Ratio

Sirs:

As a subscriber to *BUSINESS WEEK* of several years' standing, I would like to add my 2¢ worth to the question of compression ratios now used in motor cars [BW—Oct. 16 '48, p. 88].

The Crosley engine is, we believe, the

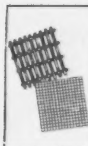
The better the woodsman the better the axe!

... and experience buys the best
industrial equipment, too

THE MOST SKILLED CHOPPER invariably owns the fastest axe... And engineers who buy industrial equipment on the strength of experience, get topmost efficiency and economy. Performance records tell why Roebling products have enjoyed more than a century of confidence.



ELECTRICAL WIRE—CABLE—MAGNET WIRE. There's a high quality Roebling Electrical Wire and Cable (65 standard types) for every sort of transmission, distribution and service circuit... Roevar Magnet Wire is unsurpassed for high-speed winding operations.



WOVEN WIRE FABRIC. Economical Industrial Screens by Roebling range from the most finely woven Filter Cloths to the largest Aggregate types. Roeflat Screen, a radically new design, has 75% more wearing surface, up to 90% more wear.



ROUND—FLAT—SHAPED WIRE. You cut down reject costs and speed up production with Roebling high carbon wire... every inch is like every other inch... same gauge and grain structure... same strength, hardness and finish... and it's available now!



WIRE ROPE. Roebling rope is one of the most widely used products in industry today... and Roebling Preformed "Blue Center" Steel Wire Rope is the last word in long-time performance and genuine service economy. Only Roebling makes "Blue Center" wire rope steel.

Find out how Roebling products can help step up production and cut costs in your own operations. Write or call your nearest Roebling branch office. John A. Roebling's Sons Company, Trenton 2, New Jersey.

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MOSINEE means many things to many people . . . and in many industries . . . from refrigerator doors to batteries and telephone receiver parts . . . from countless plastic products parts to electronic units and electrical goods parts to nationally famous MOSINEE Towels . . . all typical of dependable MOSINEE scientifically controlled quality and uniformity.

MOSINEE PAPER MILLS COMPANY, Dept. W, MOSINEE, WIS.
"Essential Paper Manufacturers"

first truly high-compression engine, having used 7:1-to-1 since the first cars were built in 1946. This compression ratio is now being increased to 7.8-to-1 in all motors that we are now building.

Unlike all other high-compression models, our motor operates on non-premium, low-octane gasoline and does not require high-octane fuel, in spite of the fact that it has, and has had, the highest compression ratio in the field.

The first engines that we built for the United States Navy in 1944 had a compression ratio of 9-to-1, and while operated on 100-octane fuel, could have used fuel of lower octane rating. As higher octane fuel becomes readily available, our compression ratio can be stepped up. With special fuels, our engine has been operated on the Dynamometer with 12-to-1 compression ratio.

POWEL CROSBY, JR.

PRESIDENT,
 CROSBY MOTORS, INC.,
 CINCINNATI, OHIO.

Just Bags, Not Machines

Sirs:

Our Industrial Sales Division has declared a personal feud against the Advertising Department—all because your well-read publication has set them up in the paper-bag-machine business.

It wasn't entirely this department's fault. We sent you information about a new type of big bag, which we were about to market. We thought your readers would be interested in this new type of bag. We also thought they would like to hear about the new type of machine which made these machine-made bags possible. We are ardent followers of Flesch. We try to be accurate and factual in our writing. Imagine our surprise when you reported [BW—Dec. 4'48,p44] that we had developed a paper-bag machine—with the inference that the machine might be bought by others.

Get us out of the dog-house with the Sales Department. Tell your readers that we are not selling paper-bag machines. We are about to market machine-made jumbo bags. Please!

PAUL THOMPSON
 ADVERTISING & SALES PROMOTION MAN-
 AGER,
 SHERMAN PAPER PRODUCTS CORP.,
 NEWTON UPPER FALLS, MASS.

Soybean Yield

Sirs:

If Lee Wilson & Co. [BW—Oct.23 '48,p26] can raise 30,000 tons of soybeans on 10,000 acres, I can't see why they are wasting their time growing cotton. Since that yield would be at the rate of 100 bu. per acre, and grown at much less expense and manpower (if they could get a combine to harvest 100

bu. per acre), seems to me that \$240 per acre would be better than 1,200 lb. cotton per acre. Could it be some sort of error? Now 3 tons of bean hay per acre I could believe, but 100 bu. of soybeans—like Harry Truman, I would like to be shown.

R. Y. CRAVENS
OWENSBORO, KY. (Where 1 ton of soybeans is good acre yield.)

• Like Harry Truman, reader Cravens guessed right. The Wilson company claims maximum yields of 30-35 bu. per acre on 10,000 acres devoted to soybeans. The Wilson processing plants handle 30,000 tons annually, but Wilson does not grow all this tonnage. The company is one of the biggest soybean buyers in its area of Arkansas. We stubbed our toe between the bean fields and the processing plants.

Illinois Terminal R. R. Length

Sirs:

Here are some mileage figures:

Danville to Springfield.....	121 miles
Peoria-Bloomington-Decatur.....	82 miles
Peoria-Springfield.....	71 miles
Springfield-St. Louis.....	100 miles
Alton-St. Louis.....	25 miles
Alton-Grafton.....	15 miles

Total Illinois mileage.....414 miles

Plus considerable freight mileage alone (above is all passenger mileage) and this represents the Illinois Terminal R.R. in Illinois. Compare, please, with your statement that it's a "21-mile railroad in southern Illinois" [BW—Dec. 25'48,p6].

Thank you, that's all, but a very happy New Year to the finest weekly business paper in the nation.

J. D. MYERS

EDITOR,
THE PROGRESSIVE MINER,
SPRINGFIELD, ILL.

• To set the record straight, financial manuals report that the Illinois Terminal operates 662.52 miles of trackage, of which it owns 464.7 miles of main line. And a happy New Year to Reader Myers.

Recording Shivers

Sirs:

The report on "Shiver Spotter" [BW—Nov.27'48,p61] states that the industrial seismograph manufactured by Westinghouse and the Barry Corp. can measure but not record frequencies as low as 120 cycles per minute.

Actually the equipment records vibrations in the full range from 120 to 15,000 cycles per minute and amplitudes ranging from 1/10,000 to 1/16 of an inch.

K. S. EHRCOTT
WESTINGHOUSE ELECTRIC CORP.,
BALTIMORE, MD.



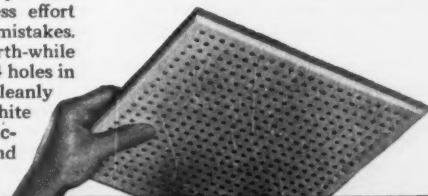
MORE EFFICIENCY WITH THIS NEW CEILING

Armstrong's Cushiontone® offers you an economical way to give your office all the benefits of modern sound conditioning.

A Cushiontone ceiling actually absorbs up to 75% of all the noise that strikes its surface—reduces the distracting din of machines and voices to a pleasant hum. When your office has Cushiontone quiet, people can do more work with less effort and they make fewer mistakes. Cushiontone offers worth-while points of quality. Its 484 holes in every square foot are cleanly drilled. The attractive white finish is applied at the factory—to both the face and

bevels. Installation is quick and easy. Cleaning or repainting can't hurt its efficiency. Ask your Armstrong acoustical contractor for a free estimate today.

WRITE FOR FREE BOOKLET, "What to do about Office Noise." Explains in detail how Cushiontone adds efficiency. Armstrong Cork Company, Acoustical Department, 4901 Ruby Street, Lancaster, Pennsylvania.



ARMSTRONG'S CUSHIONTONE

Made by the makers of Armstrong's Linoleum and Asphalt Tile

PRODUCTION



PROGRESS CHART: Hour by hour, the big board shows where the new electronic equipment is cut in. At these points . . .



PUSHBUTTON DIALING puts through toll calls. The system requires only one operator to make the call. Better yet, it is a . . .

Dial Shortcut for Long-Distance Calls

Electronic system for making toll calls comes of age with installations in three major cities. Biggest gain: faster phone service.

Long-distance "dialing" has shed the last of its experimental wraps; now it is a commercial reality. Last week, American Telephone & Telegraph Co. disclosed that automatic installation was working full time in three key cities. And those cities are interconnected to 300 points in the U.S.

• **Electronic Speedup**—As a result, it should take you less than a minute from the time you pick up the phone to get an answering ring on your long-distance call.

Telephone researchers have accomplished this by equipping the long-distance facilities with electronic voices, brains, and hands.

The new system doesn't bother the telephone user: All he does is what he has been doing right along—get the long-distance operator, and tell her the name of the city and the desired phone number. But from there on, the procedure is different.

• **Push the Keys**—The operator punches out code numerals on keys something like those on a typewriter. These numer-

als identify first the city, then the desired exchange and number. She pushes a "start" button, and the electronic telephone system takes over.

When the operator punches out the numerals, she is energizing the electronic voices that command the electronic brain. Technicians call it "key-pulsing." It's actually nothing more than sending out over the wires two combined pulses at certain frequencies which actuate the electronic elements. Her "key-pulsing" replaces dialing at the switchboard because it's a lot faster and can do more electronic jobs.

• **Number, Please?**—If you're in New York and want to call Chicago, you dial 211, and give the operator the desired number, say WH-4 7900. She punches out 3-1-2 (the code for the automatic Chicago exchange), then WH-4-7-9-0-0-st (start). That immediately sends the musical beeps off through the maze of circuits. The beeps are essentially direct electrical commands that are to be obeyed by the electronic brain.

That brain gets the numbers, and re-

members them until it has selected an appropriate circuit. The brain actually decides what circuit should handle the call. It enforces its decisions through orders to electronic hands that throw the required switches.

The "No. 4" equipment (that's its official name) that does all these electronic tricks takes a lot of money to build and time to install. And before the system can blanket this country and Canada, A.T. & T. will have to replace all manual exchanges with dial setups. Company engineers figure that toll-dialing will be nationwide by 1960.

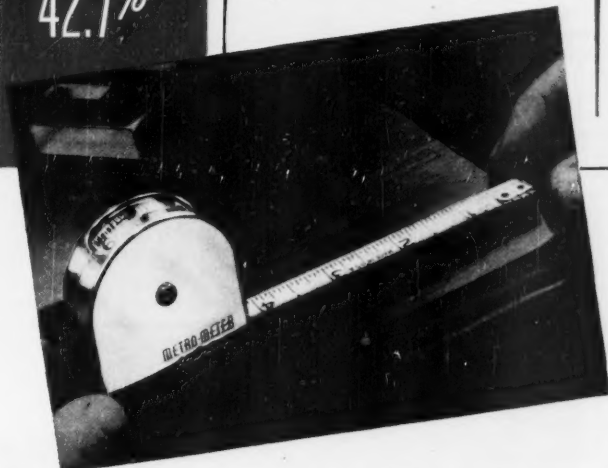
• **Installation**—Major installations right now are in New York, Philadelphia, and Chicago. Cleveland, Boston, and Oakland, Calif., are slated for installations this year; Albany will get one early in 1950.

The installations will handle calls originating in the home city. They will also take care of long-distance calls routed through these metropolitan centers to points beyond.

• **Background**—Development of high-speed long-distance phoning was no overnight job. A.T. & T. has spent over \$13-million on it, taken ten years to get this far. However, progress has been

Who said it costs more to use Stainless Steel?

Here's where
Stainless
actually
cuts cost
42.7%



THE "Metro-Meter" is a dial-reading steel rule with built-in scribe that men just naturally "take to" because it's practical, obviously useful, and, encased in Stainless Steel, is permanently good looking.

Originally the case was made of cold rolled carbon steel, chrome plated. The steel, itself, was inexpensive, but by the time it was prepared for plating, and

plated, each case cost a little over 29 cents.

By using lustrous satin-finish Stainless Steel in place of cold rolled carbon steel, however, all plating costs as well as rejections and returns were eliminated. Even though the initial cost of the Stainless Steel used was about five times that of the carbon steel formerly used, the final finished cost in Stainless

COMPARISON AND ANALYSIS OF COSTS

Cold Rolled Steel as against Stainless Steel as experienced by Dart Mfg. Co., Mason, Mich.

COLD ROLLED STEEL

Basic Cost of Tools.....	\$.0152
Punch Press Operations.....	\$.0180
Preparation for Chrome.....	\$.0224
Cost of Chrome Plating.....	\$.1331
Plating Scrap.....	\$.0140
Inspection.....	\$.0060
Assembly line hold-ups.....	\$.0230
Finished units rejected or returned.....	\$.0480
Cost of Material .025" Stock.....	\$.0121
less scrap value.....	
Total.....	\$.2918

STAINLESS STEEL

Basic Cost of Tools.....	\$.0334
Punch Press Operations.....	\$.0180
Polish and Buff.....	\$.0512

Inspection.....\$.0060

Cost of Material .020" Stock.....\$.0584
less scrap value.....

Total.....\$.1670

Cold Rolled Total Costs \$.2918

Stainless Total Costs1670

Actual Experienced Savings . . \$.1248 per case

Percentage Reduction in Cost 42.7%

was exactly 16.7 cents per case—a saving of almost 12½ cents each, which means a 42.7% reduction in cost.

With the magic word "Stainless" stamped on the case, sales for the "Metro-Meter" which formerly had been good, immediately became considerably better. Thus Stainless has done here what it has done for many other products—improved appearance, increased durability and reduced sales resistance. And in this instance, it has actually reduced costs as well. In short, a product made of Stainless Steel does not necessarily cost more—it only looks as though it did.

We would be glad to have the opportunity to show you where U-S-S Stainless Steel can be applied to improve your product—to increase its desirability—and, more often than you may expect, to reduce its cost as well.

AMERICAN STEEL & WIRE COMPANY, GENERAL OFFICES: CLEVELAND, OHIO
CARNegie-ILLINOIS STEEL CORPORATION, PITTSBURGH & CHICAGO
COLUMBIA STEEL COMPANY, SAN FRANCISCO - NATIONAL TUBE COMPANY, PITTSBURGH
TENNESSEE COAL, IRON & RAILROAD COMPANY, BIRMINGHAM
UNITED STATES STEEL SUPPLY COMPANY, WAREHOUSE DISTRIBUTORS, COAST-TO-COAST
UNITED STATES STEEL EXPORT COMPANY, NEW YORK



U·S·S STAINLESS STEEL

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Please send me the new book, "An Introduction to U-S-S Stainless Steel."
Please have a Stainless representative call on me.

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Company.....
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City.....Zone.....State.....

UNITED STATES STEEL

**Try
to imagine
the writing
instrument
of 2049...**



It may be a pencil made of a substance not yet dreamed of, or an electronic stylus in tune with waves of thought...

Perhaps it will erase by magnetic impulse, and offer a hundred colors to reflect the writer's mood...Yet one thing will remain unchanged: The finest of writing materials will still bear the name

**EBERHARD
FABER**



This replica of a pen-washed gold nugget from the days of '49 is symbolic also of the Centennial Anniversary of the founding of Eberhard Faber Pencil Company

ENTERING OUR SECOND CENTURY OF LEADERSHIP

steady. In 1925, it took five operators and an average of 14 minutes to place a call. In those days, the operator told you, "Please hang up; we'll call you back." Then came step-by-step toll dialing. Here the long-distance operator picked a route. If she chose a busy circuit, she had to try another route. By 1940, the engineers had cut the average time down to two minutes, and the number of intermediate switchboards to two.

Finally came the electronic system; it does all the picking and choosing for the operator. Nevertheless, the step-by-step system isn't entirely out, the engineers say. It can be hooked into the new toll-dialing plan.

Philadelphia had a pilot-run of the new equipment during the war. What the engineers learned there is now showing up in the new installations. One big improvement: introduction of maintenance stations, where tiny lights show the heartbeats of the system in operation, and indicate trouble.

• **Cutover**—One of the neatest tricks of all was the actual installation in the three key cities. The customers knew nothing about it, except that their long-distance calls went through a lot faster. Beeping might have been a telltale sign.

To make the cutover, engineers worked on a tight schedule from noon on Saturday to eight o'clock Monday morning during the last few week ends. Service went on just the same.

On a cutover weekend in New York, for example, the experts took out of

service—made "busy"—some of the circuits to each distant city. They did this on a systematic basis, prescheduled at half-hour intervals. These technicians in New York and distant cities went to work on the "busy" groups, cut the circuits over to dial operation. They started at noon on Saturday; by 2:50 a.m. on Sunday, operators began using the new circuits. Then the experts moved on to cut over the remaining manual circuits.

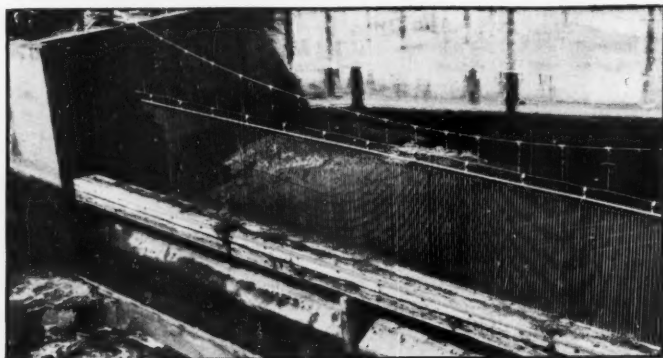
• **Keeping Posted**—As each circuit was cut in, the dopesters charted progress on a big blackboard (picture, page 44). It kept them thoroughly informed: On one particular Saturday the board even carried the quarter-by-quarter score of the Army-Navy game.

LP-GAS BOOMS

Sales of liquefied petroleum gas (bottle gas) are growing by leaps and bounds. In 1948 some 2.6-billion gal. were sold; this is more than total sales for 1947 and 1942 combined. K. W. Rugh and E. O. Mattocks, LP-gas experts for Phillips Petroleum Co., reported this week.

Biggest use of LP-gas is for domestic purposes—cooking, water heating, refrigeration, space heating. Some 5½-million homes now use it. They bought more than 1½-billion gal. in 1948.

Other major uses: chemical manufacturing, 500-million gal.; gas manufacturing (as a standby fuel), 280-million gal.; industrial and miscellaneous purposes, 280-million gal.



Fin Tickler Keeps Fish From Power-Plant Chopper

Tickle a fish and save his life. That's what Pacific Power & Light Co. is doing in the Hood River of Oregon. Migrating fish in the river usually commit mass suicide by swimming into the company's hydroelectric plant at Powerdale. So engineers rigged up an electric tickler to coax the future blue-plate specials to change their course.

The detour device has a series of 10-ft.-long electrodes closely spaced across the 80-ft. mouth of the power station's intake.

A 700-v. electric impulse is sent through the electrode screen six times a second. This sets up an energized field in the water around the wire. When a fish moves into the field, the electronic impulses tweak him gently. That causes him to turn back from the screen into the natural channel of the river. The device was manufactured for P. P. & L. by the Electric Fish Screen Co., Hollywood. It will get its major test this spring when downstream migration begins.

In Color

Du Pont has new process to put enameled coating on aluminum ready for market. Trick is to use low heat.

Consumer-goods makers have a new technique to talk about this week: the vitreous-enameling of aluminum in a wide range of colors. It could be used for sanitary ware, washing-machine tubs, agitators, architectural tile, outdoor furniture, and the like. So far the process can be applied to only two types of aluminum, 61S wrought alloy and 43 casting alloy—both of which are in common use.

• **Six-Year Test**—E. I. du Pont de Nemours & Co.'s Electrochemical Dept. has been working on the process for six years. It has given experimental lots three-year exposure tests: It tried out enameled aluminum for store fronts and display ads. Now du Pont is ready to market the enamel in limited quantities.

The enamel is applied in the same type of furnace used for porcelain-enameling of steel. But one cost-saver is that furnace-temperatures are several hundred degrees lower. Temperature is a critical part of the process. The metal loses strength at high heats, yet temperatures must be high enough to fuse the enamel to the metal surface.

• **Advantages and Drawbacks**—An advantage of the development is that, if the enamel is chipped, the aluminum won't rust as does steel. This, plus the fact, that aluminum is easier to cut than steel, leads to another advantage: Enameled aluminum sheets can be made to standard lengths, then cut to size on the job; the user won't have to worry about rusting of chipped edges.

A drawback is that the enamels can't be used on food-carrying products, because they contain a high percentage of lead.

DUAL-VISION RADAR

"Bifocal" radar has passed a commercial try out. A Great Lakes ore carrier used it successfully as a navigation aid in the 1948 ore-shipping season. Its big advantage: Near and far objects can be viewed through it at the same time.

The system was worked out by General Electric Co.'s electronic engineers at its Syracuse (N. Y.) laboratories. It provides radar pictures simultaneously on two scopes. One screen (7 in.) gives a radar picture with a two-mile radius at all times; it acts as a "safety" scope. The larger, 12-in. screen—the "working" scope—is adjustable to radii of 1, 3, 8, 20, or 40 mi.

COST RECORDS PROVE
Cummins Diesels

Save Fuel



ANNUAL SAVINGS

\$2626⁵⁰



A fleet operator's yearly fuel bill for a truck powered with a Cummins Diesel Engine is \$2,626.50 less than the fuel cost for another truck, powered with a gasoline engine and used on the same haul.

ANNUAL SAVINGS

\$1138⁸⁰

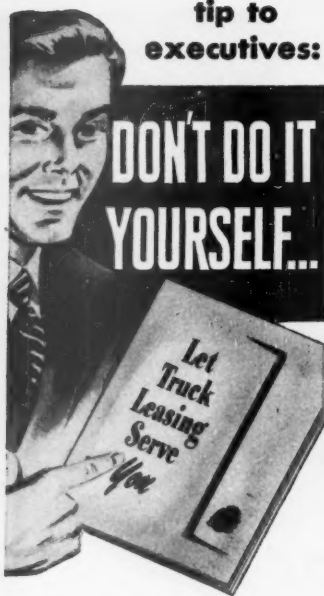


A contractor saves \$1,138.80 on fuel annually with every Cummins-Powered earth mover in his fleet . . . the difference between Cummins' fuel consumption and that of another make of diesel on the same job.

This fuel economy comes from the *Exclusive Cummins Fuel System*, a development of 30 years of "imagineering" by Cummins, pioneer in the high-speed diesel field. Write for Bulletin 5263-B and specific information on how Cummins Diesel Engines solve power problems like yours profitably.

CUMMINS ENGINE COMPANY, INC. • COLUMBUS 1, INDIANA

tip to
executives:



RELIEVE yourself of the details of truck ownership and operation by leasing all your trucks through the National Truck Leasing System, which serves the entire United States.

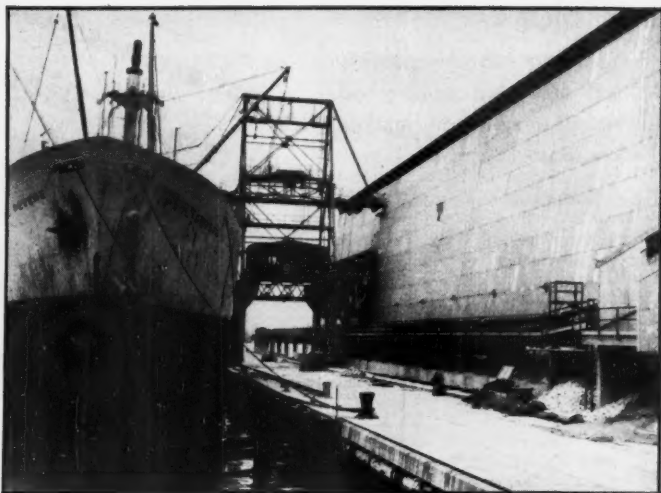
When you lease trucks, you are relieved of truck ownership and the responsibilities of purchasing equipment, fuel, oil, tires, licenses and insurance—and of overseeing maintenance and repairs. *Management time will be released for operating your primary business more profitably.*

Call the phone number shown in your classified phone directory under this symbol.



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Dept. B-1 23 E. Jackson Blvd., Chicago 4, Ill.

Have your secretary write today for our booklet explaining the basic advantages of truck leasing.



MECHANIZED ship unloading reduces idle time. It's one example of . . .

Making Expansion Cut Costs

National Gypsum takes "breathing spell" after postwar expansion to figure out ways to make new assets save money and boost plant efficiency. It's already producing results.

What's the next move when your capital-expansion program begins tapering off? Answer, according to National Gypsum Co.: a breathing spell while you assess ways of using the new equipment to cut costs and raise production efficiency.

That's the method the Buffalo (N. Y.) company is using. The \$36-million expansion program which it started just after the war is practically finished. Top management has taken the "breathing spell," is now set for a cost-attack that is expected to save over \$2-million this year.

• **Consolidation**—National Gypsum runs 23 plants (BW—Jul. 27 '46, p. 60), has annual sales of \$75-million. According to its president, Melvin H. Baker, the company sat back to "catch its breath and consolidate its position" after expanding.

The result was that its thinking about costs centered on four basic manufacturing phases: (1) raw materials supply; (2) raw materials handling; (3) manufacturing techniques; and (4) employee training.

• **Own Paper Mills**—National Gypsum now buys about 30% of its paper, makes the rest itself. To cut costs on the purchased raw material, it bought one broken-down paper mill in Kalamazoo, another in Garwood, N. J. When they get rolling again next spring, they will

enable the company to make most of its own paper.

That means an annual saving of \$500,000. It also takes National Gypsum off the hook on paper costs in the open market: The company will not have to go out and buy paper at top prices.

• **Unloaders**—Gypsum now carries gypsum rock from Nova Scotia to four seaboard plants at Portsmouth, N. H.; New York; Baltimore; and Savannah. It uses its own ships. During the June to November shipping season, these moved about 1-million tons of rock, at a cost of about \$2,000 a day per vessel.

One way to save on this, the materials-handling experts figured, would be to speed up unloading of the ships. So the company is setting up new mechanized unloading equipment (picture, above); this is expected to save about \$200,000 a year.

• **Manufacturing Savings**—Improvements in manufacturing methods are expected to cut another big slice off costs. One major improvement: speeding up intraplant material movement by using electrical controls.

An example of savings through better materials movement is in wallboard manufacture. Here the experts already had a mixer that could feed conveyors faster. Then, by using electrical controls, they lifted belt speed last year from 60


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Cessna

170

An even finer low-cost, 4-place "FAMILY CAR OF THE AIR"...ready to take you and your family anywhere on this continent. Ready to boost business profits, too!



NEW! Tapered, all-metal wing for improved stability, greater flying control, lower maintenance! **NEW,** more effective wing flaps for safer landings!

NEW! "Dorsal-fin" tail construction for added stability, added beauty!

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145 H.P. Continental Engine. Over 500-mile range. Wide doors. Wide seats! Wheel pants extra.


NEW FREEDOM! NEW FUN! INCREASED EARNING POWER!







That's what this remarkable

new plane offers you. You use modern production methods in your business, use modern

transportation, too! You can be more places  get more done, when you cruise there

and back at a comfortable 120 m.p.h. And you can take customers and associates  with you in this roomy, luxurious 4-place plane. And think of the places you and your

family can go - the fishing,  shopping,  visiting,  vacationing,  you can do! See this ALL-metal Cessna. You and your wife can learn to fly it easily!

And both price and operating costs are amazingly low!



Cessna
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Roomy, 2-place, cross-country planes at light-training-plane prices! Cruise at over 100 and 105 m.p.h. Range: over 450 miles.



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Luxurious, 4-place personal or company advisers. Yet surprisingly economical to own and operate. Cruise at over 165 m.p.h.

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Please send free literature giving complete description of the Cessna 170 (), Cessna 120, 140 (); Cessna 190, 195 (); Literature for model builders ().

Name.....

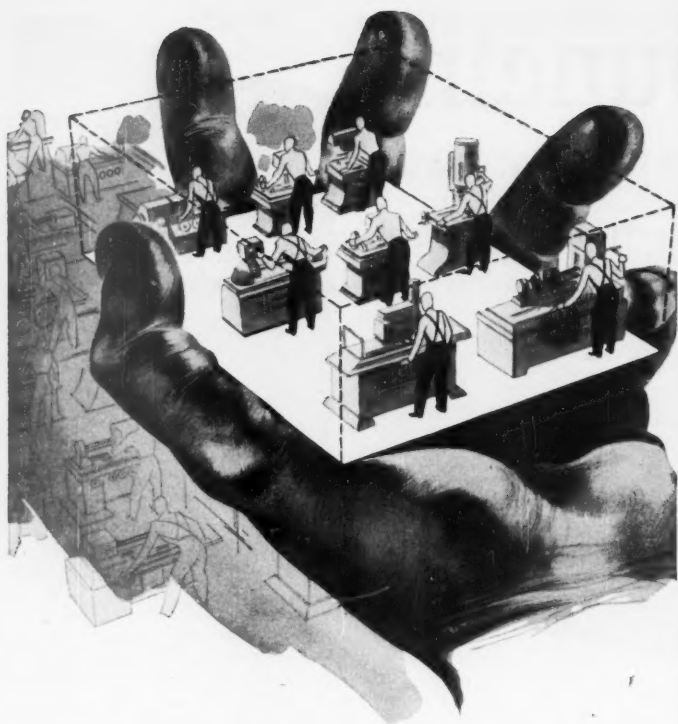
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CESSNA LEADS* because Cessna offers "more for your money!"

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working with your own**

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Whether you need a single tool, jig, fixture, punch, die or mold, or complete tooling for mass production, you can get it *right on schedule* from this experienced and versatile organization. What Taft-Peirce has done for countless others in virtually every branch of industry, it can do for you.

Would you like to know more about this unusual toolroom which so easily can become a *part-time part of your own plant*? Write today for a copy of the illustrated booklet, "Take It To Taft-Peirce." Address the Taft-Peirce Manufacturing Company, Woonsocket, Rhode Island.

For Designing, Tooling, Contract Manufacturing
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ft. per min. to an average of 120 ft. per min. In 1949, they expect the speed to go to 140 ft. per min. That will mean greater hourly output, lower costs.

• **Lime Burning**—Another example: By adapting an Army-type flame-thrower to the calcining (burning out) of lime, Gypsum has made its lime production more efficient. Previously, pressure blowers threw a burner flame into a 300 ft. tube. But it didn't completely burn out lime at the end of the tube because the flame reached only 150 ft. inside. The new method: The flame thrower blasts a 400-ft. flame at 3,000 F. through a 1-in. armor plate tube 500 ft. long.

In another move, Gypsum plans to save money in the production of rock wool. To make the wool, rock is melted in a cupola at 2,700 F. As the melt spills out, steam is shot through it, causing miniature explosions that form rock wool. The traditional system for this process uses a separate boiler to produce the steam.

Gypsum's system: Surround the cupola with a water jacket. As the rock melts, the heat changes the water to steam which can be piped through blowers into the melt. This does away with boilers, saves \$2 a ton in wool making.

• **Employee Training**—Backing up the technological work is Gypsum's proposed employee-training program. According to the company, workers will learn how the new pushbutton methods make the job easier, how improved production strengthens the company's competitive position.

FEDERAL CARS STRETCH OIL

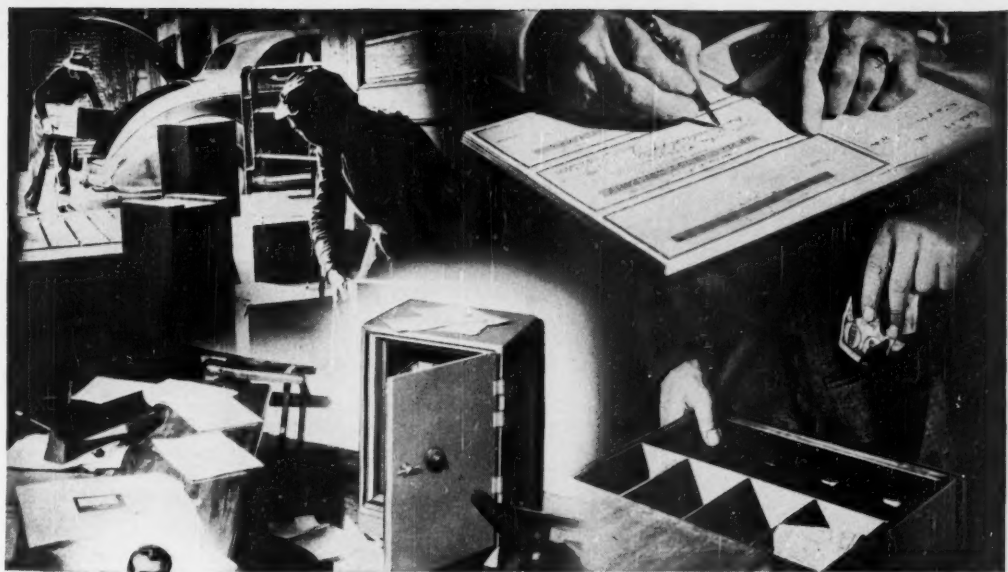
Oil will probably be flowing less freely into the crankcases of government-operated automobiles and trucks. To save oil—and \$500,000 a year—the Bureau of Federal Supply has recommended that the oil in these vehicles be changed every 4,000 miles, or seasonally (which ever comes first), instead of every 1,000 miles.

The 4,000-mile figure was picked as the most economical compromise between oil costs and engine wear. Tests indicate that, in most cases, the longer run doesn't harm an engine, provided it is equipped with an oil filter.

The petroleum industry has come in fast with a footnote. Government vehicles follow rigid and thorough servicing schedules; BFS' action "should not be interpreted as a recommendation for the American public."

The new policy won't apply to diesel engines, heavy construction equipment or under extreme operating conditions. And it won't apply to vehicles in the military services.

Officials hope the plan will cut government consumption of automobile-engine oil by 1.5-million gal. a year.



This man can't stop dishonesty
BUT he can stop dishonesty
Losses!

HE can do it because he is a trained Insurance Agent who knows how to build a bonding program that protects your company from having to make up heavy losses because of embezzlement or any other form of employee dishonesty. The current high rate of such losses makes it imperative that you bring your

bonding program up-to-date *now!* There is a USF&G Agent in your community who will be glad to analyze your bonding problems and your bonding needs . . . who will show you how to obtain maximum protection with a minimum of premium outlay. There is no obligation. Consult him today!

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LINENS MEAN BETTER
WORKING AND LIVING
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IN FACTORIES. Employees like soft sanitary cotton towels in their washrooms. Reports show it increases morale and production. Let Servilinen, America's finest rental Towel and Linen Supply Service, answer this problem. You'll be amazed at the low cost rentals.



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PRODUCTION BRIEFS

Paper and paper-product standards have been brought up to date by the American Society for Testing Materials. New reference edition has all the 77 specifications and test methods worked out by A.S.T.M.'s committees.

Electric eye may take over the judge's job in bowling alleys. Called Radaray, this foul detector has the O.K. of the American Bowling Congress. AMF Pin-spotters, Inc., American Machine & Foundry affiliate, expects to start shipments on the device soon.

Remington has shut down production of its noiseless portable typewriter. Officials say the move is temporary, blame a "tapering-off market."

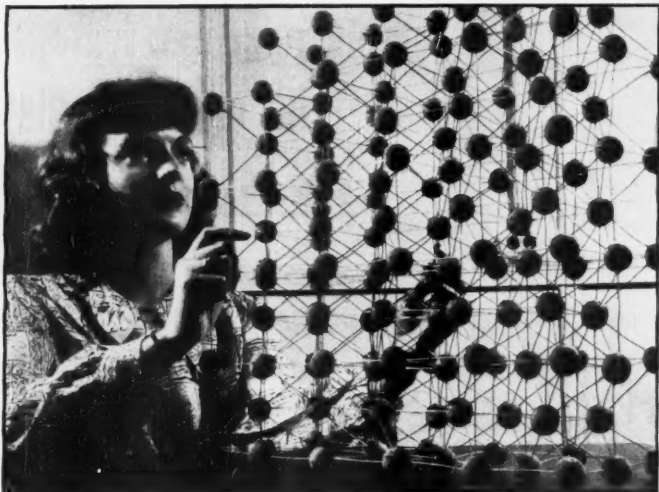
Aluminum foil strips were used to mark geodetic points in Panama aerial mapping. When visibility was bad, the 325-ft. strips could be picked up on aircraft

radar screens. Technicians photographed the screen, got a rough map of the control points in the area below.

New lightweight equipment for air transport is being ironed out under a Navy Bureau of Yards & Docks program. Under development: a 3,000-lb., 60-kw. generator; a 17,000-lb., 6x6 ft. motor grader; a 2,000-lb. air-cooled air compressor; a portable welder, that will weigh about 1,000 lb.—half as much as the standard model.

Shale-oil patents have been indexed by the Bureau of Mines. The list rounds up U.S. and foreign claims, gives a short illustrated description of each patent. Ask for Bulletin No. 467, An Index of Shale-Oil Patents, Government Printing Office, Washington 25 (75¢).

Du Pont will spend \$3-million to expand production of polyvinyl alcohols (solid alcohols in powder form) at its Niagara Falls plant. The alcohols are used in adhesives and binders, textile sizing, molding products, and film.



Outsize Atom Model Reveals Metals Secrets

An atomic skeleton of a metal crystal is helping General Electric Research Laboratory scientists understand metal failures, develop mathematical pictures of why such failures occur. The skeleton itself is a bunch of corks strung on wires—each cork representing an atom.

The atoms in a crystal are a restless lot; they are least active at the center, most energetic at the surface. When atoms move, they leave holes. Pure chance decides whether a sudden grouping of such holes might form into a

submicroscopic crack. This could develop into a bigger crack, hence act as a starting point of metal failure.

• **Danger Points**—G.E.'s physicists have found out this much: When the holes are tiny, it takes a big applied load on a sample to cause failure; when they get above a certain critical size a much smaller load will do it. Their problem: to work out a mathematical formula that will show the relationship, for a particular metal, between the critical size of the holes and an applied load.



Photo by Nicholas Murray

Everybody has a Sweet tooth!

AND A GOOD THING it is, too. For sugar is an energy food, essential in every good daily diet. Normally, we Americans consume from fourteen to fifteen billion pounds of sugar yearly—about a hundred pounds per person—a fact that helps to make us an energetic and healthy people.

Heretofore, most sugar was produced and sold in crystalline form. This is the most convenient form for household use, but large industrial users, such as soft drink bottlers, ice cream manufacturers, confectioners, canners, bakers and others must use it in liquid form. And the job of converting large quantities of crystalline sugar back into a liquid has always been expensive and troublesome.

Now, however, a new refining technique

developed by American Cyanamid Company promises to make clean, ready-to-use liquid sugar available to all who need it. This new process, based on the use of Cyanamid's IONAC® Ion Exchange Resins, enables small refineries and large users to produce liquid sugar economically, for the first time in history. Already small plants of this type have been set up in the Midwest, and more are under construction. Eventually the U. S. may have a whole network of these local liquid sugar plants! Here is one of the most important advances in hundreds of years of sugar refining—a development that will help to cut the cost and

improve the production of many products containing sugar.

Here is another Cyanamid development that is contributing to "molding the future through chemistry."

*Reg. U. S. Pat. Off.



AMERICAN *Cyanamid* COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

MOLDING THE FUTURE THROUGH CHEMISTRY

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Sun products have been "Job Proved" in the lubrication of almost every type of mining, manufacturing, power, and transportation equipment . . . in refrigeration and air-conditioning . . . in metal cutting, tempering, and quenching . . . in the processing of textile fibers, leather, natural and synthetic rubbers . . . in the impregnation of electrical,

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To help you solve your production problems, Sun Oil Company offers a wide selection of "Job Proved" petroleum products, plus the experience of Sun Engineers. Their know-how and detailed product information are yours for the asking. Call your local Sun office, or write Dept. BW-1.

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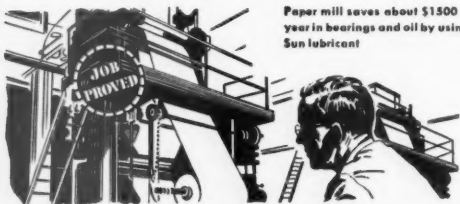
INDUSTRIAL OILS

SUNVIS 900 OILS—High-viscosity-index, paraffinic-type oils—of uniform O F pour point—fortified against rust, corrosion, oxidation, and sludge. The finest available lubricant for turbines, hydraulic systems, and similar applications.

SUNVIS HD 700 OILS—High-viscosity-index oils containing additives which minimize oxidation and give detergency. Ideal lubricants for internal combustion engines subjected to continuous heavy loads under the most adverse conditions.

SUNVIS OILS—Solvent-refined paraffinic-type oils of uniform high viscosity index, low pour point, and low carbon content. Especially suitable for application to long-time use in all types of industrial reservoirs and circulating systems.

DYNAVIS OILS—Low-pour-point, high-viscosity-index, inhibited oils, containing an additive which helps prevent formation of harmful corrosive and sludge-forming acids. Well suited for engines fitted with alloy bearings and operated at high temperatures.



Paper mill saves about \$1500 a year in bearings and oil by using Sun lubricant

SOLNUS OILS—Well-refined straight mineral oils. Stand up under hard use for long periods of time. Recommended for use in machine tools, air compressors, certain types of diesels, etc.

CIRCO OILS—Used for general lubrication of industrial machinery when straight mineral oils are required.

SUNTAC OILS—100%-petroleum products which have been compounded to increase their adhesiveness. Recommended for general lubrication of all machines subjected to sudden shocks and load reversals. Cling to the parts to be lubricated.

STEAM CYLINDER OILS—High flash and fire point lubricants for either saturated or superheated steam conditions and for worm-gear speed-reduction units.

SUN CAR JOURNAL OILS—Dark oils meeting A.A.R. Specifications. For use in waste-packed bearings of railroad equipment.

SUN DELAWARE OILS—Dark oils for general lubrication on older types of industrial machinery.

SUNOCO WAY LUBRICANT—For use on tableways. Eliminates chatter and scoring . . . resists corrosion. Has good metal-wetting and adhesive properties, ample viscosity, and E. P. qualities.

SUN MARINE ENGINE OILS—Compounded with special emulsifying agents in order to provide adhesion to, and lubrication of, working parts in the presence of water. For the lubrication of bearings, eccentrics, cross-heads, and various other parts of steam engines.

ROCK DRILL OIL—High-film-strength adhesive oil. For use in jack-hammers, stopers, drifters, and similar equipment.

INDUSTRIAL GREASES

SUN CUP GREASES—Water resistant. For grease-cup and grease-gun application when service is normal.

SUN GUN GREASES—Smooth greases made with medium-viscosity oil. Stable under pressure in power and booster guns.

ADHESIVE PRESSURE GREASES—Won't drip or splash. Excellent lubricants for open-gear applications.

SUN DARK PRESSURE-SYSTEM GREASES—For power-driven central grease lubricating systems in heavy industries. Also used as a "medium cup grease."

SUN MINE CAR GREASES—Available in several grades. Suitable for both antifriction bearings and plain-bearing cavity-type wheels.

SUN MINING MACHINE LUBRICANT—Semifluid. For use where a light but adhesive grease is required. Resists separation and decomposition.



Chemical plant saves about \$8000 per year by adopting Sun Pressure Grease

SUN ROLLER BEARING GREASES—For use on electric motors and generators and high-temperature machinery equipped with ball or roller bearings.

SUN GEAR COMPOUNDS—Black adhesive open-gear compounds and

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SUN PETROLEUM

S, SPEED PRODUCTION, IMPROVE QUALITY

wire-cable greases. Recommended for power presses, mining machinery, worn reduction mills, crushers, pump gears, etc.

SUNOCO TRACTOR ROLLER COMPOUND—For crawler-type tractors. Provides good lubrication with exceptional sealing qualities.

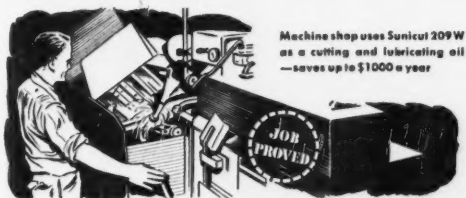
METALWORKING OILS

SUNICUT—Straight (non-emulsifiable) transparent cutting oils. Recommended for automatic screw machines and heavy-duty machining operations. Permit high speed production with excellent finishes, long tool life.

SUNOCO EMULSIFYING CUTTING OIL—A self-emulsifying oil which produces a stable white emulsion. Efficient and economical cooling and lubricating medium for turning, milling, drilling, and other metalworking operations on both ferrous and nonferrous metals. It is also an excellent grinding coolant.

SUN QUENCHING OILS—Specially refined oils designed to aid development of maximum physical properties in a wide variety of steels.

SUN TEMPERING OILS—Specially refined oils for tempering steel. Because of their low carbon content and stability under heat, these oils have an unusually long service life.



Machine shop uses Sunicut 209W as a cutting and lubricating oil — saves up to \$1000 a year

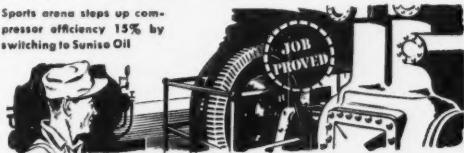
SUN ROLLING OILS—Straight and emulsifying oils which will permit maximum production in rolling steel, aluminum, brass, and copper.

SUN ANTI-RUST COMPOUNDS—Petroleum-base oils with chemical additives designed to prevent the rusting and corrosion of steel.

REFRIGERATION OILS

SUNISO REFRIGERATION OILS—Have extremely low pour points, extremely low wax-separating characteristics, a high degree of stability and long life. Initially neutral and resistant to formation of detrimental acids under service conditions. Suniso Oils are high quality oils suitable for both high- and low-temperature operations. The most widely used oils in refrigeration and air-conditioning.

Sports arena steps up compressor efficiency 15% by switching to Suniso Oil



TEXTILE-PROCESSING OILS

SUNOTEX TEXTILE OILS—Designed to impart certain additional properties to various forms of fibers during their processing from the fiber state into a manufactured product. All Sunotex textile oils are emulsifiable in water. Highest rating in fadometer tests.

SUN COTTON CONDITIONING OILS—Pale mineral oils which condition the cotton. They prevent waste by cutting down excessive amounts of "fly" (fine air-borne lint particles).

Worsted mill obtains easier scouring, better quality, larger yield with Sunotex WO-220



SUN ASBESTOS FIBER CONDITIONING OIL—Used for spraying on the asbestos during processing. Fibers are kept from being damaged or broken down, and harmful dust is minimized when this product is used.

SUN CORDAGE OILS—Generally used alone, but are adaptable to various formulas used by cordage manufacturers. Selected products, highly compatible with additives.

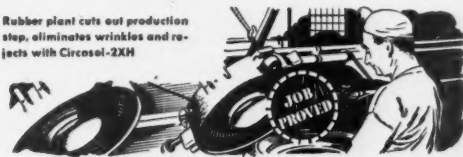
RUBBER-PROCESSING AIDS

CIRCOSOL-2XH—An elasticator and processing aid for natural rubber and especially for GR-S. Outstanding for sponge rubber.

CIRCO LIGHT PROCESS AID—A processing agent and excellent softener for natural rubber, natural rubber reclaim, and neoprene synthetic rubber. Used for GR-S to some extent.

SUNDEX-54—An inexpensive product suitable for processing GR-S and blends of GR-S and natural rubber. An established processing aid for rubber footwear stocks and semihard rubbers.

Rubber plant cuts out production loss, eliminates wrinkles and rejects with Circosol-2XH



CIRCUMAR-5AA—A black-colored product for processing natural and GR-S rubber used in tire-making. Also used in reclaiming natural-rubber scrap. Replaces asphalt fluxes. Free-flowing at room temperature.

WAXES

Sun's new wax plant will be completed in 1949. Its many refining innovations and extreme flexibility will permit new types of waxes to be manufactured in large quantities—a procedure heretofore impracticable. A wide range of fully refined paraffin and microcrystalline waxes will be "tailor-made" to meet the requirements of virtually all major industrial applications. Pilot plant samples of several grades are now available.

MISCELLANEOUS INDUSTRIAL PRODUCTS

SUN SOLVENTS—Sun Spirits for the thinning of paints, varnishes, and enamels, and for metal-cleaning . . . a pure, water-white petroleum solvent free of corrosive sulphur. Other Sun solvents with special properties are available for the chemical industry.

SUN LEATHER OILS—Mineral-base leather oils. Used for obtaining the desired tensile strength, proper temper, and controlled moisture content. Maintain a light even color . . . mix well . . . distribute evenly.

"JOB PROVED" IN EVERY INDUSTRY

PRODUCTS



Before choosing
any printing paper...

Look at Levelcoat*



Illustrated here is a typical use of Levelcoat®, not an actual booklet

Look at Levelcoat... for brightness

Give your fine printed selling the setting it deserves. Make it sparkle — against the lustrous background of a Levelcoat* printing paper. Look at Levelcoat for whiteness. And for surface brightness that could come only from specially selected clays.

Look at Levelcoat... for smoothness

Yes — smooth Levelcoat makes smooth sailing of the most exacting job. For precision-coated Levelcoat is surfaced with a jeweler's care. Made beautifully, uniformly smooth — to give you kiss-impression printing with economy and speed!

Look at Levelcoat... for printability

Ask the man who knows Levelcoat best — your pressman. He'll tell you Levelcoat has that dependable balance of body, surface, and texture qualities which he calls *printability*. He'll tell you, too — it pays to give your printing the Levelcoat lift!

IT PAYS TO LOOK AT LEVELCOAT

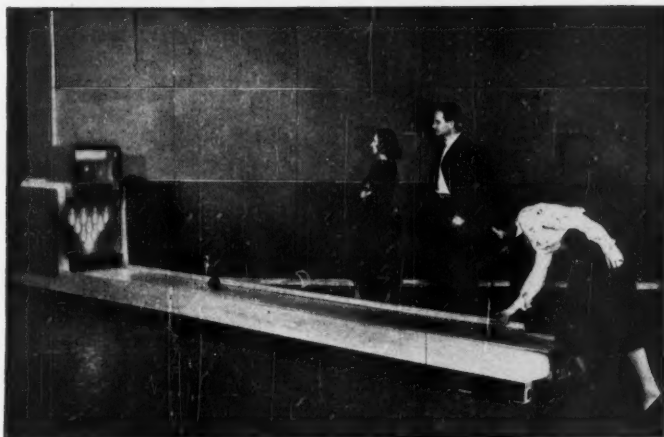
Levelcoat
PRINTING PAPERS



Levelcoat* printing papers are made in these grades: Trufect*, Multifect*, and Rotoject*.

KIMBERLY-CLARK CORPORATION, NEENAH, WISCONSIN

NEW PRODUCTS



"Light" Bowling

Basement bowling is getting some new stock in trade. Last week, Electric Boat Co.'s Elco Division said its scaled-down, automatic alley (BW-Dec. 25 '48, p38) will be on its way to market by the end of the month. Elco plans to sell it for \$1,100 to \$1,200.

Built for homes, taverns, and coin-machine arcades, the alley is 18 ft. long, 26 in. wide—about one-third the size of the conventional runway. Strike, Inc., did the original designing; Elco technicians have restyled and simplified it.

The alley has a maple bed. The player bowls at an illuminated setup of ten pin images. His ball, a little smaller than a duck-pin ball, hits electrical contact plates instead of actual pins. If he's good enough to lay one into the strike pocket, the lights in the pin images go out and the word "Strike" flashes on a scoring screen. If his ball ticks off only the seven-pin contact, the seven pin alone will disappear from the illuminated setup. After every two balls, unless he makes a strike, the score is tallied automatically on the screen and is added to in succeeding plays.

One difference from the real thing: When you shoot a spare, you don't aim for the pins that are standing; you try to slant your shot into the strike pocket.

Balls are returned automatically; there's no need for pin boys or attendants. With a coin box installed, each game costs a dime. Elco Division is at 445 Park Ave., New York 22.

• Availability: Deliveries, in limited quantities, begin the end of the month.

Easy-Read Scale

"Spot-Lite Reading" is the sales bait in Toledo Scale Co.'s new model for

weighing prepackaged goods. The scale has an optical system that blacks out all but the one price column and the one weight column you want. Its main use: jobs where you have a series of continuous weighings at the same price per pound.

All told, the Pre-Pak scale has 85 different price-computing columns. Toledo says they give about 47% more prices than you generally get on other models: selling prices range from 15¢ a lb. to \$1.50 a lb. Despite the number of columns, Toledo says, readings are fast and simple when you black out the unwanted chart areas.

A price-selector knob is used to move the reading lens to the particular computing column you want. Another knob on the base controls tare-weight adjustments; you can compensate for up to 7 oz. of wrappings or other extras. Company headquarters are at Toledo 12, Ohio.

• Availability: immediate.

Stylized Light

Designers at Lightolier, Inc., say that they have developed a fixture that's halfway between a spotlight and a flood light. Called Calcu-lite, its main use is for homes or business buildings. The circular ceiling lamp has a cone of useful light of about 45 deg.—midway between the usual spotlight beam of 30 deg. and floodlight beams of 60 deg.

A built-in precision reflector steps up light output. At the same time, the lens has been specially designed to reduce glare. Vertical parts of the louvers used in the lens are opaqued with a ceramic coloring. Though lenses are available with black, coral, or white vertical risers, black has been found to be the most effective glare-shielder. The

lens itself is recessed behind the ceiling level to cut surface brightness even further.

The inside of the lens—the surface nearest the bulb—is flat and pebbled to increase light diffusion. Thus, the lamp gives a beam with a "soft edge" instead of the usual hard separation of light and shadow. The light is made in various sizes, will take bulbs ranging from 75 w. to 500 w. The manufacturer's address: Clarmont & West Side Aves., Jersey City, N. J.

• Availability: immediate.

No-Twist Hacksaw

Machine Rebuilding Co. has worked out a new design for hacksaws. It thinks it whips the old problem of twist when you tighten up the blade.

Backbone of the saw is a one-piece steel tube that fits into a precision-machined aluminum handle. The tube is held in the handle by a set-screw arrangement. By shifting the position of the tube and by resetting the screw, you can tighten the tension on the blade without twisting it or warping the frame. The saw weighs about 1½ lb., is adjustable for 10-in. and 12-in. blades. The company address: 2742 Chene St., Detroit 7.

• Availability: immediate.



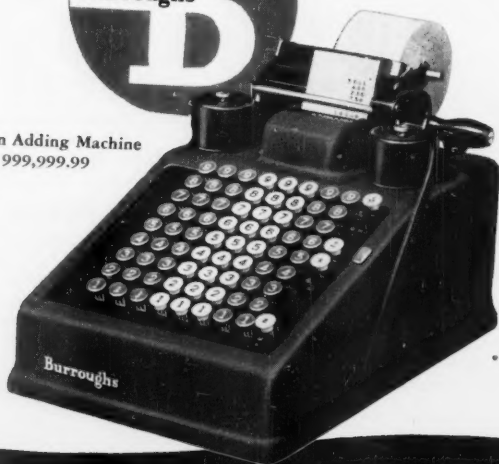
Two-Part Key Keeper

Ever wish you could unlock the trunk of your car without yanking the key and chain out of the car ignition? There's a way you can do it—thanks to an ingenious gadget called Car-Mac.

This automatic key coupler is made in two halves with a key chain at each end. One half is bullet-shaped, has a



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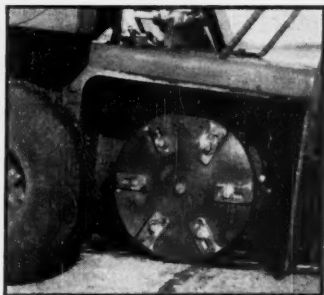
WHEREVER THERE'S BUSINESS THERE'S

Burroughs

hole $\frac{1}{8}$ in. in diameter. The other half has a clamping rod that snaps into place in the hole. The rod is held by a spring; when you squeeze the assembly, a clamp releases the spring and the gadget opens. Thus, one part of the coupler is left with the car key in the ignition; the other half, with the trunk key, is free in your hand.

The device is an application of a coupler used by the British during the war on glider tow-lines. It was first tried in the U. S. on dog leashes. Carey-McFall Co., 2156 Dauphin St., Philadelphia 25, the manufacturer, makes the coupler under a licensing arrangement with Interlock Corp.

• Availability: immediate in the East, countrywide by the end of the month.



Joint-Groover

You can save labor on maintenance with the Tennant Concrete Grooving Machine. This is a mechanized new-comer that roots up old seals in concrete joints, cuts a clean groove for a new seal. Basically similar to the company's roof scrapers, the machine is designed for work on highways, airport landing strips, parking lots, ramps.

The machine is self-propelled, is operated by one man (top picture). Powered by a 13.3-hp. air-cooled gasoline engine, it has a series of 4-in. steel cutters. These are mounted on a cutter head that revolves at about 2,400 r.p.m. (bottom picture). The forward turning of this head drives the machine; the

weight of the machine is balanced on two rubber-tired supporting wheels.

Spacing of the cutters can be changed to vary the width of the cut from $\frac{1}{8}$ in. to 24 in. Depth (maximum, 14 in.) is controlled by the operator. A new cutting head can be installed in about two minutes.

Capacity of the unit varies from about 5,000 ft. to 20,000 ft. a day, the company says. Speed on any installation depends on the type of concrete, size and condition of joints, width and depth of cut. G. H. Tennant Co. is at 2530 N. Second St., Minneapolis 11.

• Availability: immediate.

Heavy-Load Light Truck

Reo Motors dealers are parking a new Speed Wagon model on their showroom floors. Model D-19X is built primarily for the pickup market. But rugged construction makes it safe for heavier hauls (up to 2 tons), the company says.

Powered by a 245-cu. in. Gold Crown engine, the D-19X has a gross vehicle weight of 8,000 lb. Reo says the truck has a load length of about 20 in. more than other similar models. But it also has good maneuverability, a short turning radius.

Five new combinations for the heavy-duty series round out the additions to the line.

• Availability: immediate.

P. S.

New model **Launderall** home laundry has a restyled console cabinet. Transmission, motor, and pump have been built as a one-piece unit. Work cycle has been cut from 40 min. to 36 min. F. L. Jacobs Co., 1045 Spruce St., Detroit 1, is the manufacturer.

Proportional dial will speed the job of reducing photographs and copy to layout size. Range: $\frac{1}{4}$ in. to 100 in. Advertising managers can get one free from Graphic Calculator Co., 633 Plymouth Court, Chicago 5.

Plastic tubing that takes a continuous heat of 105C (212F) is a development of Irvington Varnish & Insulator Co., Irvington, N. J. It's called Temflex 105.

Marbelized linoleum tile that you can lay yourself will be marketed this month by Sloane Blabon Corp., 295 Fifth Ave., New York 16. Tiles are 9 in. by 9 in., come in nine complementary and contrasting colors.

Desk file for business calling cards will help you keep track of the day's crop of callers. It's called Kallin-Kard-File, is sold by Rampe Mfg. Co., 3029 Prospect Ave., Cleveland 15.

Glass mailbox is hung on a hinge; you can use its weight to hold magazines and papers in back against the wall. Perfection Store Device Co., 637 E. 71st St., Chicago, makes it.

The case of The Company that GROWS ...and GROWS ...and GROWS!



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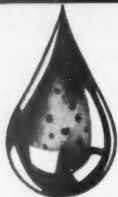
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MARKETING

Paper Market Levels Off

Business still good, but some prices may drop off during 1949. Wholesalers demand better grades, better service.

Will there be a buyers' market in paper and paperboard this year? The paper merchants who act as middlemen, and the converters who turn it into consumers' goods, seem to think so. Wholesalers' inventories now are much bigger than last year, and wholesalers are ordering only for immediate needs. They're pressing manufacturers for more service, for better grades at the same price.

• **Prices Firm**—So far paper mill prices are holding firm.

But pulp prices are always the tipoff to what's coming in the paper trade—because pulp is the industry's most important raw material. And U.S. and Canadian pulp producers are increasing their freight allowances on contract deliveries. They quote delivered prices, offer a freight allowance which is deducted from contract price. So a rise in the freight allowance from \$7.50 to \$12.50 per ton of unbleached sulphite pulp, for instance, is the same as a \$5 cut in the price. That is now happening with some pulp contracts for the first quarter of 1949.

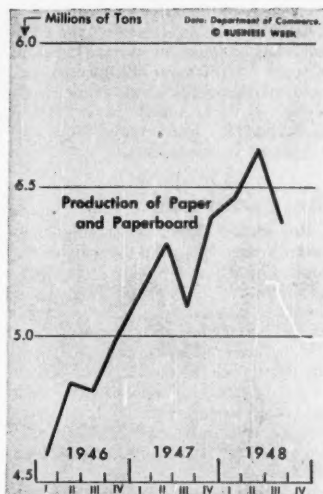
The Dept. of Commerce reports that good-sized tonnages have recently been offered on the spot market at less than contract prices.

• **Scandinavian Pulp**—An even better tipoff on what is happening is the drop in the premium prices paid for Scandinavian pulps. When a paper mill can't get its pulp on this side of the water, it pays extra for imported supplies.

A year ago, Scandinavian pulps commanded premiums of from \$20 to \$60 above domestic contract prices. Now these imported pulps are offered at anywhere from the domestic contract level to \$30 above, depending on grade. And the trade thinks the differentials may drop more this spring. It says the Norwegians and Swedes will have a hard time selling them, otherwise.

• **Demand High**—Demand for paper has not dropped—at least so far. The real reason for the pulp-market decline is that productive capacity has overtaken demand in many lines. As one expert describes it, it's "a shift from superboom to boom."

For paperboard, the important raw



material is waste paper. Nearly all waste paper grades have dropped since mid-1948. And container board prices have also declined in recent months.

• **Record Production**—U.S. production of paper and paperboard for 1948 is estimated at a record-breaking total of 22.1-million tons. That's about double 1929 production, which itself doubled 1919 production. And this record level was attained while many mills were cutting from a 6-day to a 5-day week.

The American consumer took the huge 1948 production in his stride, for this is an age of paper. The average American used about 340 pounds of it last year, more of it than anything else but food and water. Nearly half of it came to him in the form of paperboard boxes and containers. Most of the rest was kraft bags and wrapping paper (about 14%), newspapers (about 20%), magazines and books (about 10%), tissue paper, building paper, fine paper.

• **No Single Industry**—That breakdown shows a basic fact about the paper industry. It is not really one industry at all, but a group of related industries. But it is called a single industry because many of the companies in it operate in several of these fields. For instance, a kraft paperboard mill could turn out kraft wrapping paper, if the price differential were enough to make the change-over worth while. But the kraft mill couldn't very readily make newsprint, or fine papers.

So the supply-demand situation va-

ries with the different lines. Here's an over-all look at the major paper industries:

• **Paperboard**—The paperboard supply-demand situation has come into balance in recent months. Mill prices on some grades have dropped. One reason may be the shift of consumer purchases from nondurable to durable goods, since nondurables often come in paperboard containers.

Paperboard men point out that, no matter what may happen to sales of non-durable goods, people still have to eat—and they often eat food from paperboard containers.

• **Kraft**—In the kraft field, supply and demand have also been brought into balance. Kraft is the strong brown paper. It's made from sulphate pulp, which comes mainly from southern pine.

The development of southern kraft within the last 25 years is one of the major factors in the paper industry. The multiwall bag, for instance, has a cost advantage over the cotton bag (BW—Jul. 3'48, p38) and is used for packaging cement, bakery flour, chemicals, and other big-volume products.

• **Others**—There are conflicting opinions in the trade about book paper. (That includes the paper used in magazines.) The Econometric Institute, for example, estimates that book paper will be tight through 1949.

Other experts agree that this will be true for some lines, but say that coated stock (the kind used mainly for magazines) will be in easy supply. They predict a downward trend in prices, starting early this year.

Newsprint and tissue paper are still in fairly short supply. Consumption of newsprint for the first 10 months of 1948 was up 11% over the same 1947 period, according to the Dept. of Commerce. Meanwhile, newsprint production in North America during the first 10 months of 1948 increased only 3% over the same period in 1947.

Yet the spot market price of newsprint has come down to \$140 a ton from its 1947 peak of \$200 a ton. Contract prices on mill allocations are \$100 a ton, up a few dollars from earlier levels.

• **Optimism**—Those who are optimistic about paper talk about the tremendous increase in U. S. per capita consumption of paper within the past generation. Even if this consumption levels off, the population is expected to rise.

Will this tremendous consumption of paper eat up the forests which provide it? No, answers the industry. Its reason: Every major company holding its own woodland is now practicing forestry, cutting each year an amount equal to what grows in. And they are getting their independent suppliers to follow the same practice.

EST. U. S. PAT. OFF.

H & D BOXES

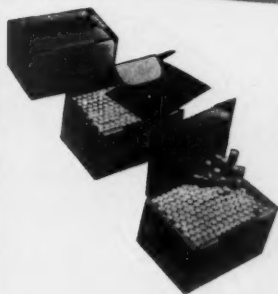
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THIS CORRUGATED H & D Prepak is a major factor in the sales success of the product. The box is factory-packed to eliminate repacking and wrapping by the retailer, thereby reducing sales costs. The Prepak is also a colorful counter or window display that stops traffic and increases sales. It is printed in 2 colors on lawn-green linen finish corrugated board. If your product can be packed in "units" or "sets," consider H & D Prepak—the most economical way to pack and sell retail merchandise.



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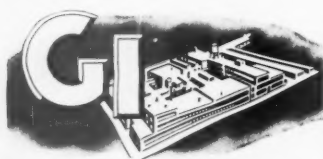
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THE EATON NAME on 205 mail-order offices like this and on 60 department stores reminds Canadians how . . .

Canada's Big Store Expands

T. Eaton Co., Ltd., does about half of all Canadian department-store selling, handling everything from Paris gowns to thumb tacks. Purchase of smaller chain will boost business.

Roughly half of Canada's department-store selling is done by a family-owned chain of stores, T. Eaton Co., Ltd. In effect, the company is a sort of national general store: It handles everything from high-style Paris gowns to small hardware items.

This year Eaton executives are setting their sights on an even bigger chunk of the Canadian consumer's money. The reason is that Eaton recently acquired another, smaller, chain—David Spencer, Ltd., which operated nine stores in British Columbia.

• **60 Stores**—The combination brings the Eaton chain up to a total of 60 stores strung across the Canadian provinces. In size they range from nine-floor buildings covering a city block to smaller two- and three-story outlets.

Eaton's new acquisition, however, still doesn't satisfy the chain's ambition to sell more goods. So last week the company started wrecking operations on the Hotel Vancouver in Vancouver, B. C. On the site, it will build store No. 61.

• **Family-Owned Chains**—Since the Eaton and Spencer chains have both always been family-owned, no details of the purchase price have been released. Guesses vary from \$15-million to \$17-million. For the same reason, nobody knows just how big Eaton actually is. In 1934, however, Eaton reported its 1929 sales to the Royal Commission on Prices. Annual volume in that year was

more than \$225-million. Canadian business soothsayers guess that the company's 1948 volume was probably well over \$300-million.

Sales of the newly acquired Spencer chain are a lot less than Eaton's. Eaton's nearest competitor is Robert Simpson Co., Ltd., which does 30% of Canada's department-store business. The smaller chains, the Hudson's Bay Co., and variety chains make up the balance.

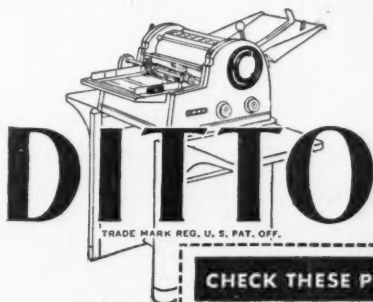
• **Histories**—The origins of both the Eaton and Spencer chains go deep into Canadian history. The Spencer stores got their start in 1864, when David Spencer, a young Welshman, arrived in Vancouver during a gold boom. He opened a book store, soon expanded it to take in dry goods.

The Eaton chain was founded by an Irishman, Timothy Eaton. In 1869, he opened his first small store in Toronto, after successful merchandising experience in some smaller Ontario towns.

• **Carping and Copying**—Timothy Eaton's merchandising was considered unorthodox in its day. He pioneered two selling principles: (1) a fixed price on all merchandise, and (2) a guarantee of "satisfaction or your money back."

At the time, most merchants were ready to bargain with the customer, shave pennies here and there to make a sale. Money-back guarantees were unheard of. Scoffers predicted that Eaton wouldn't last long with his "unbusiness-

AN EYE FOR PROFITS?



**PRODUCTION
PURCHASING
PAY ROLL
ORDER-BILLING**

- MANUFACTURING**
- ☐ Order and Billing Systems
 - ☐ Parts Order
 - ☐ Assembly Order
 - ☐ Purchase Order Receiving Systems
 - ☐ Payroll Systems, Accounting Reports
 - ☐ Salesmen's Bulletins, Price Book Sheets, Quotas, etc.
 - ☐ Charts, Maps, Graphs, Drawings, etc.
 - ☐ Accounting Statements & Reports

- WHOLESALE**
- ☐ Order and Billing Systems
 - ☐ Salesmen's Bulletins
 - ☐ Price Book Changes

- FINANCIAL INSTITUTIONS**
- ☐ Daily, Weekly and Monthly Statements
 - ☐ Trust Reports, Stock Transfers
 - ☐ Installment Loan Systems

- INSURANCE COMPANIES**
- ☐ Policy Card Records, Bulletins to Agents
 - ☐ Reports, Statements & Abstracts
 - ☐ Abstract of Claim

- PUBLIC SERVICE**
- ☐ Requisition and Purchase Order Systems, Bid Requests
 - ☐ Accounting & Finance Statements
 - ☐ Drawing & Sketches

- RAILROADS**
- ☐ Passing Car Reports, Operating Reports
 - ☐ Car Interchange & Inter-line Exchange
 - ☐ Accounting and Financial Statements

- DEPARTMENT STORES**
- ☐ Accounting and Financial Reports
 - ☐ Sales and Stock Reports
 - ☐ Ruled Forms, Bulletins, etc.

- CHAIN STORES**
- ☐ Inventory Sheets
 - ☐ Warehouse Order and Billing
 - ☐ Price Lists and Changes
 - ☐ Advertising Layouts

- CONSTRUCTION AND BUILDING**
- ☐ Specifications, Bid Requests
 - ☐ Drawings and Sketches
 - ☐ Payroll
 - ☐ Purchasing Receiving

- PRINTING AND PUBLISHING**
- ☐ Printing Orders
 - ☐ Advertising and Circulation Statistics
 - ☐ Advertising Presentations
 - ☐ Reports and Statements

- ASSOCIATIONS**
- ☐ Bulletins to Members, Credit Inquiries
 - ☐ Statements and Reports, House Organ

- MEAT PACKERS**
- ☐ Order and Billing Systems
 - ☐ Sales Bulletins and Price Lists
 - ☐ Accounting and Financial Statements

- ACCOUNTANTS**
- ☐ Profit and Loss Statements
 - ☐ Balance Sheets, Audit Reports
 - ☐ Ruled Forms, Working Papers
 - ☐ Income Tax Reports

- GOVERNMENTS**
- ☐ Accounting Reports, Bid Requests
 - ☐ Purchase Orders
 - ☐ Engineering Drawings
 - ☐ Charts and Graphs
 - ☐ Specifications
 - ☐ Material Lists

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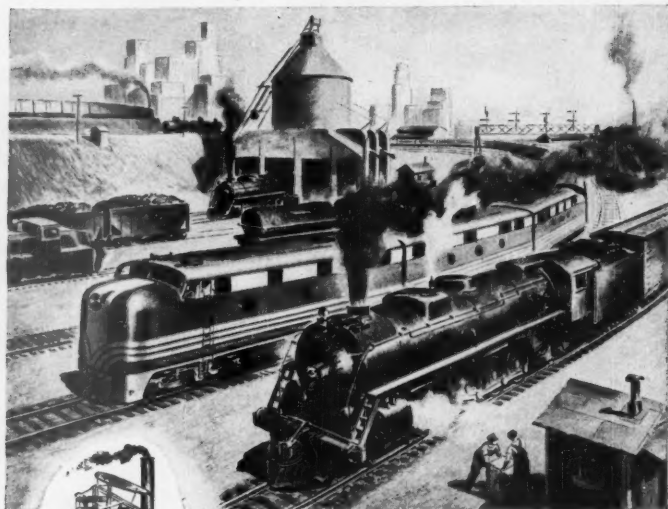
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PITTSBURGH
WINNIPEG
HAVANA



PRESIDENT John D. Eaton, 39 years old, is grandson of company's founder

like" approach but it wasn't long before they stopped carping and began copying. • **Four Heads**—Four men have headed the Eaton enterprise. Founder Timothy Eaton passed the presidency on to his son, Sir John Eaton (knighted for equipping a Canadian machine-gun regiment during World War I). After Sir John's death a brother, R. Y. Eaton, took over the reins. The present head of the chain is 39-year-old John David Eaton, son of Sir John and grandson of the founder (picture, above).

Both the Eaton chain and its new acquisition (whose name has now been changed to Eaton) carry about the same type of merchandise. This includes almost everything but the heaviest machinery. But only the larger centers handle the highest-priced luxury merchandise. In most of its main stores, Eaton carries regular-priced goods, also stocks plenty of bargain-basement merchandise.

• **Taboos**—None of the Eaton stores carries tobacco or smoking accessories. Founder Timothy Eaton was strongly opposed to both tobacco and liquor, and his taboo is still recognized. Matches are not sold in the stores even today, because of the fire hazard. And Eaton display windows are never open on Sundays.

For many years not even playing cards were sold in Eaton stores. Smoking was not allowed in the company-operated dining rooms.

• **Sharp Contrasts**—These eccentricities offer a sharp contrast to Eaton's other merchandising activities—which are aggressively up-to-date. In the Toronto store, for instance, there is a wedding bureau which handles everything from ordering the invitations to paying the minister. There is also a contract deco-

ration service which will decorate a one-room apartment or an entire hotel. The store has its own engraving plant, does commercial photography, operates a research bureau.

• **Mail Order**—Eaton's activities go even beyond the walls of its 60 stores. A brisk mail-order business accounts for an estimated 20% of the company's yearly sales. To handle it, Eaton has four mail-order houses—at Toronto, Winnipeg, Vancouver, and Moncton. The latter handles the substantial mail-order business to Newfoundland and the British West Indies. (Because of tax regulations, U.S. customers can buy from Eaton by mail order only if they own property in Canada.)

Canadian mail-order buyers can make purchases from Eaton in one of two ways, both similar to the systems used by U. S. mail-order houses. The first is by possessing one of the 1.5-million catalogs the company distributes four times a year. The other is to buy through one of the 205 "order offices" which Eaton maintains in small Canadian communities.

Eaton also operates two creameries and six factories. The latter turn out a good bit of the merchandise handled by the retail and mail-order stores. Chief products of the factories are men's and women's clothing, luggage, jewelry, thread, and boxes. These plants help to keep Eaton's stores stocked, also supply commercial customers.

• **Catalog**—An Eaton-owned printing plant in Toronto prints the company's catalogs. The current edition of this book, which is printed in both English and French, numbers 575 pages.

To get the rest of the merchandise necessary to fill out its stocks, Eaton sends its buyers throughout the world scouting for goods and maintains buying offices in New York, London, Manchester, Leicester, and Belfast.

• **Good Relations**—For its employees Eaton operates rest camps, an insurance company, other services. This kind of attention to its 36,000 employees (60,000 at Christmas time) has paid off; Eaton has had almost no labor trouble.

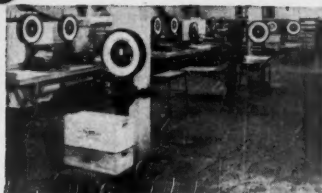
BENDIX, TELECOIN CONSENT

Two years ago, the Justice Dept. filed an antitrust complaint against Bendix Home Appliances, Inc., and Telecoin Corp. (BW—Dec. 21 '46, p. 20). It charged the two with conspiring to establish a monopoly in automatic washing machines used for rental purposes.

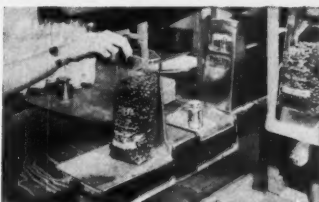
Now, a consent decree has ended the case. Under it, Bendix and Telecoin must cancel agreements whereby (1) Telecoin—the distributor—had to buy all of its rental automatic washers from Bendix; (2) Bendix—the maker—was barred from selling washers for rental purposes to any other distributor.



COUNTING SCALES—These Toledo Scales count small parts rapidly and accurately.



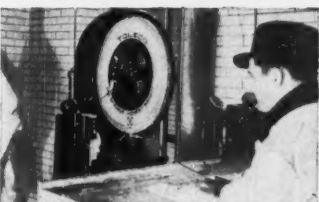
PORTABLE AND BENCH SCALES—Widely used for weight-and-cost-control throughout modern plants.



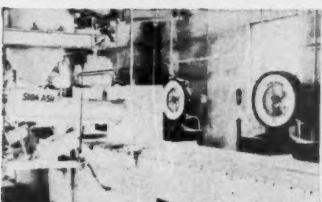
OVER-UNDER SCALES—The Speedweigh saves time in packing, filling, check weighing.



TOLEDO PRINTWEIGH SCALES stop errors... print BIG figures—ACCURATE weights—with split-second speed!



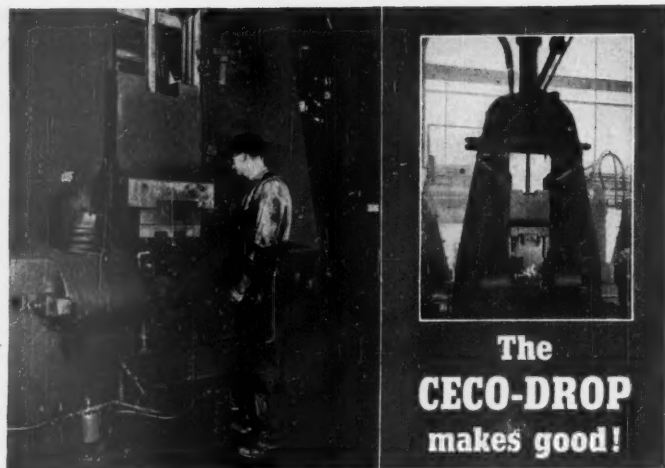
SHIPPING AND RECEIVING SCALES—Toledo Accuracy prevents small errors from multiplying into big losses!



BATCHING SCALES—Toledos save time and safeguard quality... make batching quick and sure.

Guard Costs with
TOLEDO
All the Way!

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 Bulletin No. 2020.
 Toledo Scale Co.
 Toledo 12, Ohio



**Proven in Shop after Shop:
Greater and Cheaper Production
per Hour**

Write for details of the Chambersburg CECO-DROP,
the "boardless" gravity drop hammer

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REVOLUTIONARY New Method of Rust Control

Outperforms other more complex, more costly "preventives".
Even answers problems never before solved. **CLEAN, EASY TO USE!**
It Eliminates Slushing in Oil - It's . . .

Angier **VPI*** Wrap

PROOF: Identical steel parts exposed
9 months to industrial-marine atmos-
phere. These photos are unretouched.

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MORE than a non-corrosive paper — a revo-
lutionary packaging method of **COMPLETE**
rust control. Get the facts now!



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Gentlemen: Please send **FREE** 12 page booklet,
"Complete Rust Control with Angier VPI Wrap"

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City & State _____

State _____

New Iron Maker

Rival buys fully automatic
Steam-O-Matic from Waverly
Products, moves production to
Kansas City, cuts price.

Electric irons had one of the poorest
postwar sales records of any of the con-
sumer durable goods. And, early last
year, they were about the first of the
appliance fields to catch up with de-
mand (BW—Nov. 20 '48, p80).

• **New Maker**—Despite this record,
Rival Mfg. Co., Kansas City, decided to
branch out into the manufacture of
irons: It bought the rights to the Model
300 Steam-O-Matic fully automatic
stainless-steel steam iron from Waverly
Products, Inc., Sandusky, Ohio. Last
week, Rival announced that it had
moved all Steam-O-Matic tools and ma-
chinery from Sandusky to Kansas City,
and that production of the iron had
begun there.

It also announced that it had cut the
price from Waverly's \$21.95 to \$19.95.
It was able to do this, it said, because
of cost-saving production short-cuts (it
didn't say what).

Waverly still makes Steam-O-Matic
irons—but not fully automatic ones. It
hung on to its Models SA-150 and D-
600, both semiautomatic. Both Waverly
and Rival will use the trade name.

• **Partnership to Corporation**—Rival was
founded in 1932 as a father-and-son
partnership between Henry J. Talge and
Foster L. Talge. They are still the active
officers. In 1946 Rival was incorporated
in Missouri; its stock is closely held in
the Talge family.

Rival now has three divisions, all in
Kansas City. The parent company
makes the "O-Mat" line of kitchen
gadgets—Juice-O-Mat, Broil-O-Mat, and
several others; the General Diecasting
Division makes dies and other equip-
ment for manufacturing the appliances;
the new Steam-O-Matic division, of
course, makes irons. Present output of
irons is 500 a day; goal is 2,500.

• **Distribution**—The entire Kansas City
operation employs about 600; value of
output is around \$6-million a year.
Products are distributed mostly through
jobbers and department stores; in ad-
dition, General Electric, Westinghouse,
and Graybar Electric list the line in
their regular dealer catalogs—despite the
fact that most Rival Products are non-
electric.

Rival puts a lot of stress on its re-
search and development department.
Several new kitchen gadgets are in the
final stages of development. But Rival
officials are keeping mum on them; they
say only that they will be on the market
"some time in 1949."

MARKETING BRIEFS

Shoe output took a slight lacing in 1948, according to National Shoe Institute. Production last year was about 464-million pairs—a drop of 4-million pairs from 1947.

Old toasters now have a \$3 turn-in value. Proctor Electric Co. has authorized its dealers to allow that amount if customers buy its \$18.95 automatic toaster.

No television sets is Detroit's decree for those who live in the city's low-income public housing projects. Reason: The housing commission feels that tenants should "save their money toward down payments on their own homes."

Maine potato growers have to pay 14-barrel tax on their spud sales whether they like it or not. A Maine court has declared that the state tax (which pays for advertising, promotion, and research) is constitutional.

Bond Stores, Inc., wants to expand its retail outlets (BW—Dec. 25 '48, p. 50). So last week the company negotiated a \$6.5-million first mortgage loan (on its Rochester factories) from Equitable Life Assurance Society. Sterling National Bank & Trust midwived the deal.

Two new packages have been developed by CARE—Cooperative for American Remittances to Europe, Inc. One contains 31 varieties of vegetable seeds; the other enough hybrid corn seed to plant 2½ acres of land. Cost per package: \$4.

Machine tool builders sales in 1948 amounted to only \$285-million, as compared to \$306-million in 1947. And back in 1942, they did a business of \$1.3-billion.

Perishable fruits and vegetables can be shipped unharmed by air at high altitudes without pressurized cabins. Tests by Lockheed and the Dept. of Agriculture show, however, that humidity and temperature control do matter.

No more margarine licenses for Montana's wholesalers (were \$1,000 a year) and retailers (\$400). The state supreme court says they're illegal.

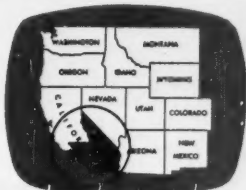
Columbia Records sold some 1.5-million long-playing Microgroove records (BW—Jun. 26 '48, p. 66) in 1948, expects to beat this figure in 1949. But record retailers are wondering what effect RCA's new long-playing disc—said to play at a speed different from Columbia's—will have on sales.

VACATION IN

Southern California

AND MAKE THE TRIP
PAY FOR ITSELF
MANY TIMES OVER!

You'd like to get in on some of the profits from the fast-growing western market, wouldn't you? And you'd like to get away from that cold weather and sit in the sun for a while, right? Then what are you waiting for? You've got both the justification and the desire for a wonderful (and profitable) trip to Southern California!



Look! One-third of the market of all the 11 western states is right here in Southern California... one-third of the families, one-third of the retail sales, one-third of the spendable income!

So if you want to get a foothold in the fabulous western market, what could be a more logical first step than to take a look at Southern California... where the most profitable and accessible part of it is concentrated?

And what could be nicer than to bring the family along and make a real vacation out of it? Take in the sun, the blue skies and warm days. See the movie and radio capital; drive down the broad highways skirting the Pacific; take in the desert and mountain resorts, the horse races, the old Spanish missions, the orange groves, flower shows. Ride, play golf or tennis when you please.

Take a look into America's third largest market... and have fun in America's Four-Season Vacationland... this year.

Mail coupon for big 32-page color booklet full of information about Los Angeles County and all Southern California. When you arrive, stop in at the All-Year Club's Free Visitors' Bureau, 517 W. 6th St., Los Angeles, for many other vacation aids.

No one should plan to move new to Southern California to live unless assured in advance of permanent housing.

ALL-YEAR CLUB OF SOUTHERN CALIFORNIA, LTD. This advertisement sponsored by the Los Angeles County Board of Supervisors for the citizens of Beverly Hills, Glendale, Hollywood, Long Beach, Los Angeles, Pasadena, Pomona, Santa Monica and 182 other communities. Copyright, 1949, by All-Year Club of Southern California, Ltd.—a non-profit community organization serving vacationists.

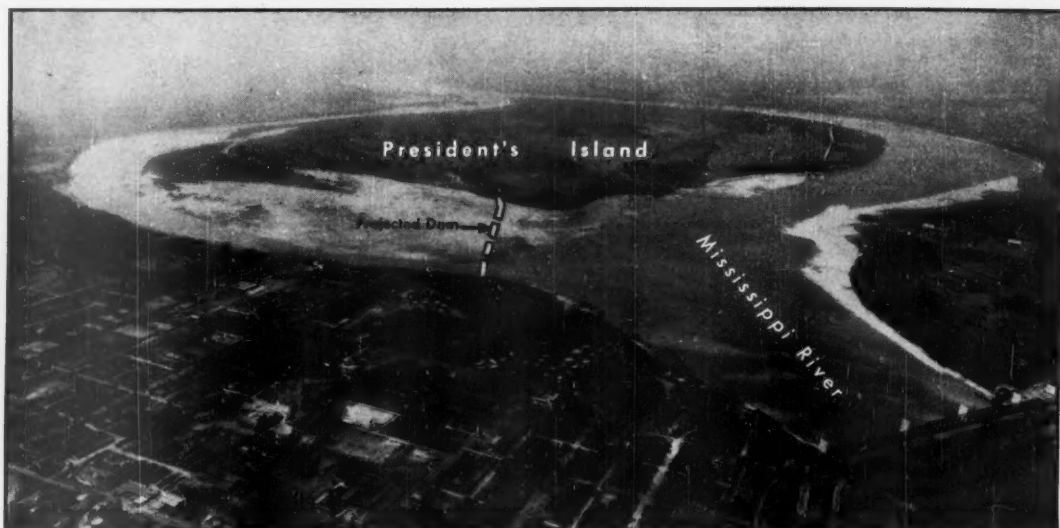


All-Year Club of So. California, Dept. G-1
629 S. Hill St., Los Angeles 14, California
Please send free full-color vacation booklet.

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Street _____
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PLEASE PRINT NAME AND ADDRESS

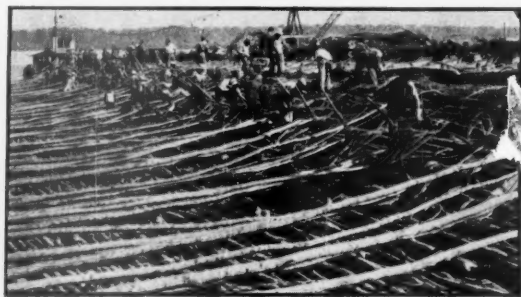
CITIES



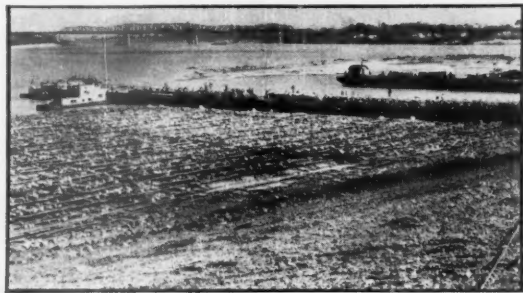
MEMPHIS HARBOR will be created by dam across Tennessee Chute (branch of Mississippi River to left of island). Sand pumped from

Chute is building up land (white area on island) above flood level. Some 9,000 acres will be opened to industry

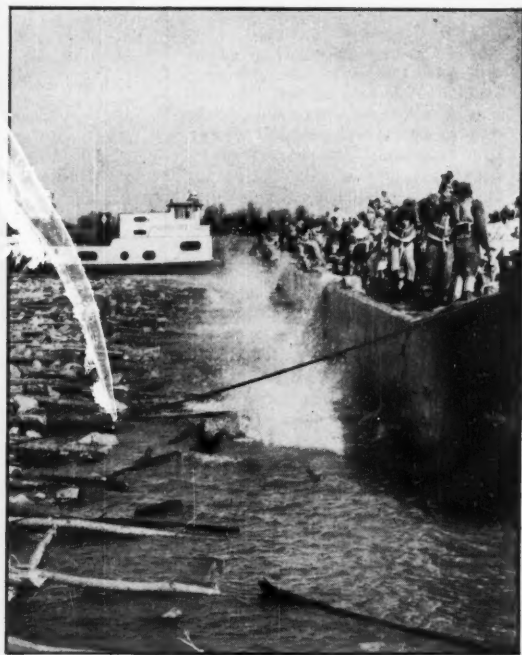
Memphis Makes More Elbow Room for



WILLOW MAT will keep the Mississippi from eating away the upstream bank of the island. It is floated into place, secured. Then . . .



BALLASTED WITH STONE, mat sinks to water level. From barges, workers heave rocks on outer edge. As mat dips under . . .



BARGES MOVE IN and workers keep piling on rocks until the whole mattress of willow and stone lies snugly against the river bank



BOSS CRUMP can still smile: Political setbacks or no, "Mister Crump" runs Memphis

New Industry

City is bursting at the seams. In 10 years' time it has doubled its factories, upped its population by 20%.

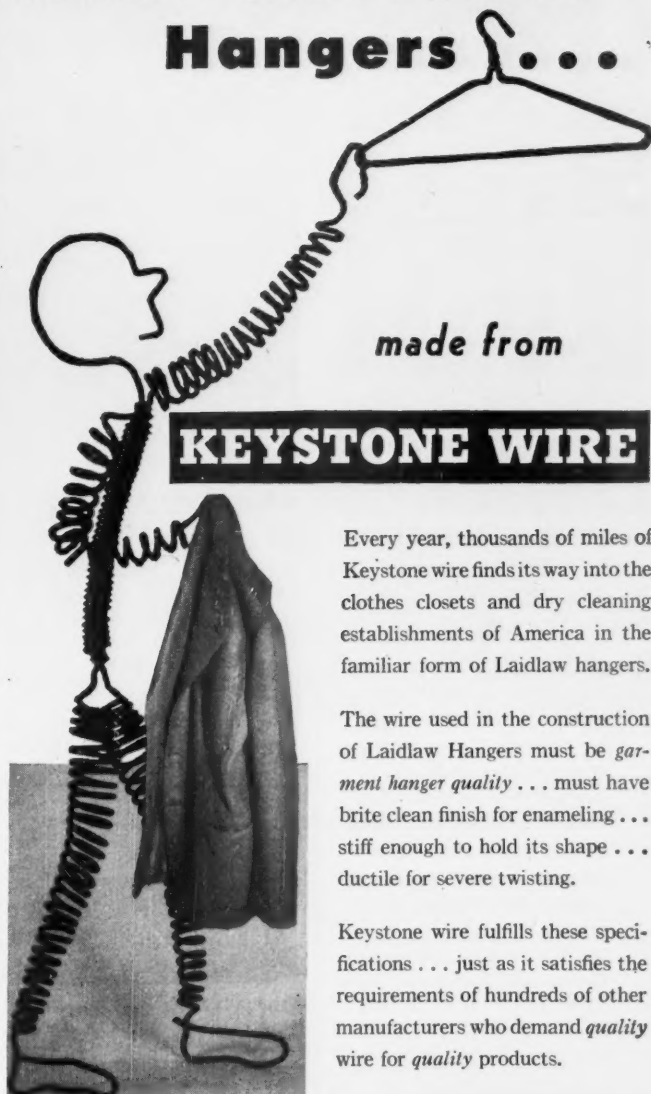
The Army is giving Memphis something it badly needs these days—more industrial elbow room. Thanks to its business boom the past few years, the Tennessee city has just about run out of acreage along the Mississippi River.

Army Engineers are now at work on a \$17.5-million project in Memphis that wraps up two purposes in one package. On one hand, a dam will help control the cantankerous Mississippi during floodtime. On the other, the project will furnish Memphis with an additional 9,000 acres of river front property that can be used for industrial development.

• **Harbor**—Not least important, it will also give Memphis a stillwater harbor. And this is no joke on a river whose current can rip unloading barges loose from quays, carry them downstream.

To accomplish their plan, the Engineers are making use of President's Island, which splits the Mississippi just downstream from Memphis. They will throw a dam across the Tennessee Chute to the upstream end of the island, creating a still backwater downstream. This will be dredged to deepen

Millions of LAIDLAW * Hangers . . .



Every year, thousands of miles of Keystone wire finds its way into the clothes closets and dry cleaning establishments of America in the familiar form of Laidlaw hangers.

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RECOVERY



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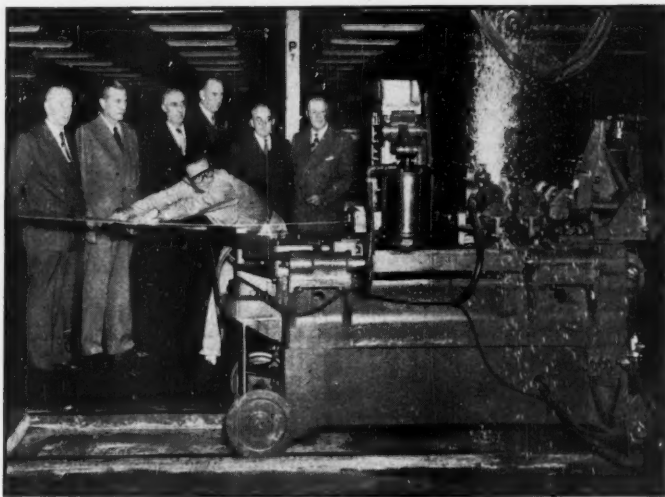
and how to trap them is the subject of Buell's 32-page catalog on dust recovery. It tells you why only Buell offers you the accurate fractional efficiency guarantee. It explains the patented van Tongeren 'shave-off', a Buell exclusive in high efficiency. Don't miss this factual booklet. Write today to the Buell Engineering Company, 60 Wall Tower, New York 5, N. Y.

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Engineered Efficiency in
DUST RECOVERY



AT INTERNATIONAL HARVESTER, plow blades wait to break the heavy soil of the Delta. The new plant also turns out cotton-pickers, hay-balers



BORG-WARNER party inspects an electric tube-welding machine at work. B.-W.'s Mechanics Universal Joint Division's new Memphis plant was formally opened last fall

it for navigation; the sand from the bed of the Chute will be pumped into a fill along the shore of the island. The new industrial land will be some 72 ft. high—higher than the levees on the Arkansas side of the river.

• **Higher Land**—Last week the work was well under way. The Army was pumping mud from the Chute bed. The Engineers also sank a second 1,000-ft. mat of woven willow saplings along the upstream shore of the island. This is an essential and delicate operation; the mats will keep the Mississippi from chewing up the island's banks and ruining the Army's handiwork.

Memphis is getting ready to make the best use of the new industrial area when the Army gets done with it. The city has bought the island and some land on the Tennessee side of the Chute (most of this was farmland). It will sell the sites to industry, though with no tax concessions. Last week the municipal Light, Gas & Water Division announced that it is planning a \$34-million expansion program to take care of the city's current and anticipated growth.

• **Boom**—Despite what's been happening to the city over the past eight years or so, Memphis residents don't like to



He's taking the pulse of a stainless steel billet

Sound waves you can't hear are on the job as inspectors of ARMCO Stainless Steel. A Supersonic Reflectoscope sends them into thick billets of steel to detect internal flaws. Their reflection from any defect is picked up by a crystal, converted to electrical pulses and shown to the operator on a screen.

In working for Armco, the steel-penetrating sound waves are also working for the many manufacturers using ARMCO Stainless in kitchen ranges, automobile parts, hardware and scores of other products. They're one of the many controls designed to insure that the stainless steel reaching fabricators is perfect *all the way through*.

This strong, rustless, attractive metal is economical

to use because the cost of labor to fabricate it is the same as with inferior metals, and yet it gives the buyer so much more extra value.

Stainless steel is just one of many ARMCO Special-Purpose Steels that help manufacturers make better products. Among others are ARMCO ZINGRIP, which assures complete rust protection, and ARMCO ALUMINIZED with its high heat resistance. They're all reasons why buyers have learned to look for the famous ARMCO triangle trademark — their assurance that the steel in a product was specially selected for that particular use. Armco Steel Corporation, 49 Curtis St., Middletown, O. Export: The Armco International Corporation.



ARMCO STEEL CORPORATION

THE FAMILIAR ARMCO TRIANGLE IDENTIFIES SPECIAL-PURPOSE STEELS THAT HELP MANUFACTURERS MAKE MORE ATTRACTIVE, MORE USEFUL, LONGER-LASTING PRODUCTS



MOBILIFT'S

OPERATING SPEED PUTS HANDLING COSTS ON ICE

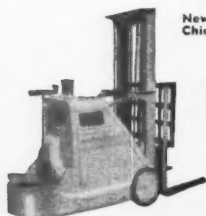
In the materials handling field speed is not a matter of "miles per hour" but "tons per day" of materials handled.

Mobilift is designed to speed up materials handling in warehouses and production plants. Its size and shorter turning radius enable it to operate easily in crowded areas. Its gasoline engine assures full-time, heavy-duty service. The fact that it has no gears to shift speeds operation — insures more trips per hour — more tonnage per day — less cost per ton.

Mobilift's tremendous savings are helping thousands of executives to lower their "break even point" and to increase their net profits. Many have even junked expensive handling equipment to take advantage of Mobilift operation.

Sign the coupon below and let us show you how the Mighty Midget can put handling costs "on ice."

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use the word "boom" to characterize it. But, as one observer recently pointed out, whatever the name, it "might well be accepted as a reasonable facsimile" of a boom.

Before the war, Memphis was chiefly a cotton and distribution center with a population of 292,000. Today, of course, cotton is still a major preoccupation in Memphis. There is the Memphis Cotton Exchange, one of the world's greatest spot cotton markets. There are 175-odd cotton brokerage firms and factors, 12 gins, and enough other concerns so that Memphis boasts that it is the world's major producer of cottonseed products.

Hardwood flooring has also long been an important Memphis product (E. L. Bruce Co. is there, for example). And even before the war there were also a Ford Motor Co. assembly plant, and a Firestone Tire & Rubber Co. factory. General Motors Corp. had a Fisher Body works in Memphis, too.

• **The War**—It was the war that really needed Memphis. E. I. du Pont de Nemours & Co. set up a powder plant. National Fireworks, Inc., came in with a shell-loading plant; Fisher Body turned into the Memphis-Fisher Aircraft Division. Memphis also became a major military center, with Second Army headquarters, air stations, and other military installations.

Since the war there have naturally been some changes. Second Army headquarters moved to Baltimore; du Pont Memphis-Fisher, and National Fire works shut up shop. But despite this Memphis prospered. Its military payroll is still high—\$3-million a month a plum that will be doubled in size when a new Veterans Administration hospital is finished. As for industrial jobs, the Memphis Chamber of Commerce says:



NEWCOMER is Kimberly-Clark plant which houses this crepe-wadding machine

there are more now than at the war peak.

• **Growth**—The 1950 census is expected to show a population of about 350,000 for Memphis; that will be a gain of some 60,000 for the decade. Last year the city's total bank debits ran to \$6.2-billion, as compared to \$2.7-billion in 1941—a good indication of what's happened to Memphis' business volume. Another indication: In 1939 there were 378 manufacturing plants employing 18,225 workers; last July there were 760 employing 43,000.

In short, Memphis' wartime gains have done more than just stick. A survey of the plants that have moved into Memphis since the war will show that the city's business activity has continued to increase.

Here are the major postwar additions in the area:

International Harvester Co. Its \$29-million plant manufactures cotton-pickers, hay-balers, other farm implements. Employment is building up to about 3,000.

Borg-Warner Corp. The Mechanics Universal Joint Division of Borg-Warner has about 500 workers in a \$2.5-million plant.

General Electric Co. Its Lamp Division employs about 550 people making Christmas-tree lights.

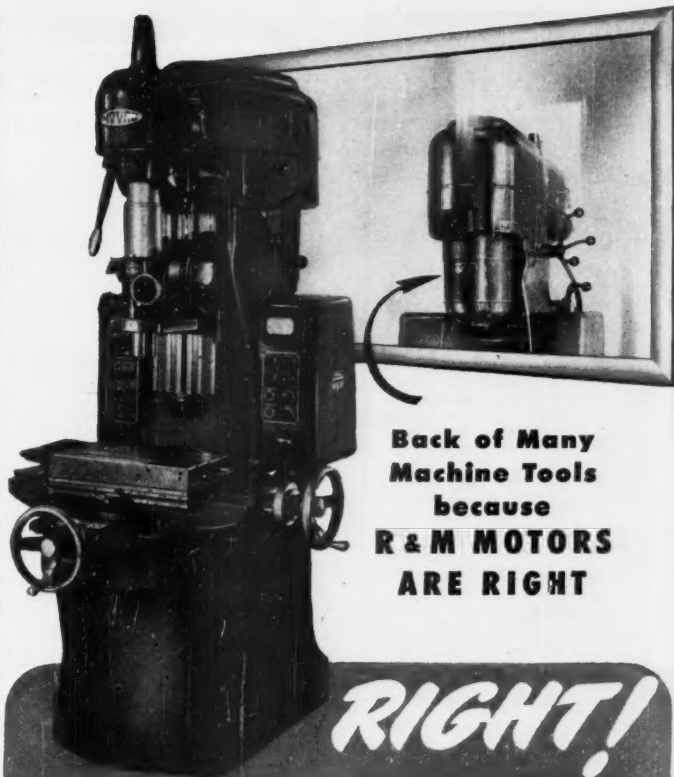
Kimberly-Clark Corp. This company makes Kleenex, Kotex, other wood-pulp products, in the former Memphis-Fisher plant. It employs about 1,500.

Battery Plants. Globe-Union, Inc., started the movement into Memphis. It has been followed by Willard Storage Battery Co.; National Battery Co.; General Dry Batteries, Inc. (BW—Jun. 19 '48, p. 86).

Heyden Chemical Corp. Its new



OLD-LINE INDUSTRY—the E. L. Bruce flooring plant—was in Memphis prewar

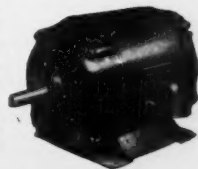


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Machine Tools
because
R & M MOTORS
ARE RIGHT**

Taking quality for granted—as you can with R & M—what makes a motor *really* right? For this Moore Jig Borer, it is (a) two-speed operation that follows a high performance curve in *both* ratings with dependable fidelity; and (b) attractive appearance while retaining standard NEMA flange dimensions, due in part to a *special* head developed by Robbins & Myers.

Motors must be *right* for their work, or they're wrong. And applying them right has been an R & M specialty for many, many years. For general service there's a complete line of standard types, in sizes from 1/200 to 30 horsepower. For *special* needs within this range, R & M's willingness to co-operate and facilities to produce offer limitless possibilities. Whether it is motors or motor parts, R & M can serve you.

F. C. Victory, Chief Engineer of Moore Special Tool Co., Inc., Bridgeport, Conn., says, "completely satisfied with every aspect—from design to motor performance." That's exactly the way we want *you* to feel about the services we can render. Millions of modern motorized products are dependably powered by Robbins & Myers. *Are yours?*



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COLOR SERVICE

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Interior Maintenance Finish

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Stimulate production with surroundings that contribute to eye ease, promote safety, build morale... by painting according to a free Sight Perfection color prescription tailor-made for your plant by the famous Glidden Color Service. Use Glidden SPRAY-DAY-LITE (or BRUSH-DAY-LITE) for a perfect one-coat finish that will wash like tile—last indefinitely. For book on SPRAY-DAY-LITE and Glidden Sight Perfection Color Service, write *The Glidden Company, Dept. R-1, 11001 Madison Avenue, Cleveland 2, Ohio.*



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BRANCHES IN LEADING CITIES

plant in Memphis makes salt derivatives.

Warehouses. Some \$5-million worth of new warehouses have been built in Memphis since the war. J. E. Dilworth Co. spent \$500,000 on one (BW—May 22'48,p76); Tennessee Coal, Iron & Railroad Co. (a U.S. Steel subsidiary) is another concern that has built a new distributing branch.

S. R. Hungerford Co., Inc. Its new furniture plant employs 175.

Quaker Oats Co. A new chemical plant makes furfural.

Stores. Shainberg Dry Goods Co. has a new \$1-million department store; Grayson-Robinson Stores, Inc., a \$300,000 women's wear store. And City Stores Co. has a \$500,000 branch under construction.

To top all this, Ralston Purina Co. will get under way shortly with a large feed mill costing approximately \$1-million. And Abraham Bros. Packing Co. is now making a \$1-million addition to its plant.

• **Mister Crump**—Any businessman thinking of putting a branch plant in Memphis might hesitate with: What about "Mister Crump?" He would mean, of course, Memphis' long-lived political boss, E. H. Crump—who didn't quite come up to his usual astute level during the last primary and election. While Crump walked out on the Dixiecrat limb, Gordon Browning took over the governor's seat and Estes Kefauver went to the U. S. Senate. Crump fought both in the primary—and lost.

But as Tennesseans point out, Crump is not licked in Shelby County, which includes Memphis. His local candidates were unopposed. Nor is there any evidence that the political upset in the state has hurt any of E. H. Crump & Co.'s extensive insurance business. (His firm is currently financing 1,100 apartment units in New Orleans and several hundred houses in Memphis.)

• **Businessmen Rebel**—Some in Memphis will put up at least a half-hearted defense of Mister Crump by claiming that the city has excellent parks, no graft by city officials, and possibly the lowest tax rate for a city of its size in the nation. But there is a growing number—particularly veterans—who chafe at Crump's tight hold on the city's affairs.

When and if Crump's machine folds, businessmen will be able to take some of the credit for it. The rebellion against the Crump organization in the state primary was led by a group of businessmen. Among them were Edmund Orgill, president of the century-old wholesale hardware firm of Orgill Bros. & Co.; Lucius Burch, from a prominent old southern family; and Robert Taylor, nephew of a former governor.

They didn't lick Crump—or try to—in his own bailiwick. But they opened a crack that many think will widen in future elections.

Sand and Sewage

Pumping of Lake Worth sand to replenish Palm Beach makes a forceful argument for sewage-disposal program.

Palm Beach is doing battle with the elements. It's fighting for the long white ocean-beach that makes it one of the famous resorts of the world. But in dredging underwater for new sand, the Florida township has dredged up an old headache: sewage-disposal.

• **Sand Drift Cut Off**—Chief villain at Palm Beach is a jetty at one of the inlets into Lake Worth. Lake Worth is really an arm of the sea; it separates West Palm Beach, on the mainland, from the strip of ocean-front land that is Palm Beach proper. The jetty, a long one, cuts off the drift that used to dump sand naturally on Palm Beach. Some 6-million cu. yd. of sand has piled up behind the jetty in the past 20 years.

• **Sand Pile**—So Palm Beach township floated a \$500,000 bond issue, spent \$400,000 of it last summer, to pump 2-million cu. yd. of new sand onto its starved ocean-front. Engineers heaped the sand in four stock piles beyond the jetty's reach, so that it would drift naturally onto the beach.

The experts figure about 6.5-million cu. yd. of sand would rebuild a 13-mi. stretch of beach. Estimated cost is about \$2.5-million.

• **Sewage**—There's a catch to the project. The raw material for the new beach comes from the bottom of Lake Worth. Both Palm Beach and West Palm Beach have been dumping their sewage into Lake Worth for years. When you mix this lake bottom with air and water—as you do in pumping—you get some unpleasant results: sulphurous acid, for one.

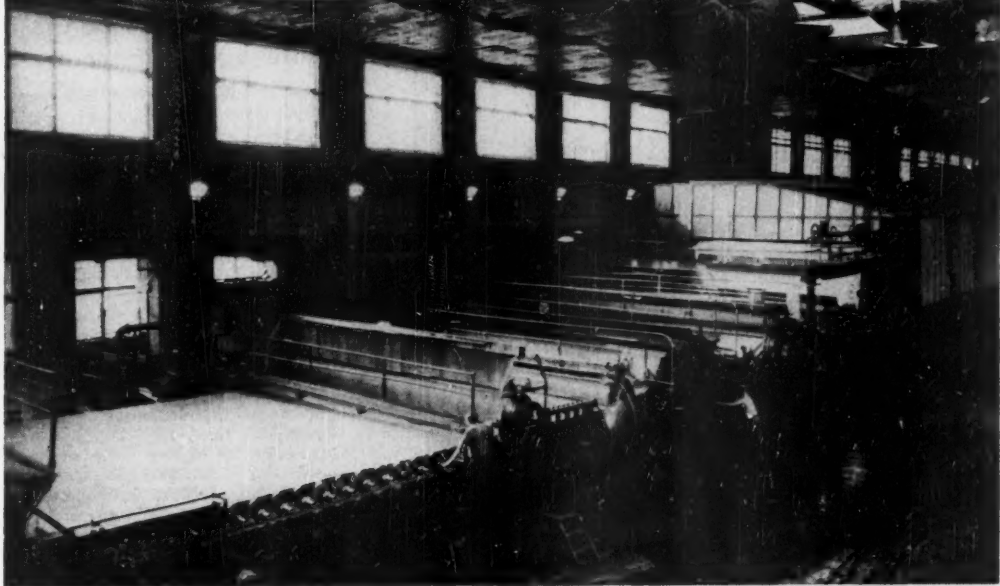
When the first pumping started, dismayed Palm Beachers watched their painted houses blacken, boats and yachts darken along the dockside. The beach, which was white or buff, turned bluish gray and was declared unsafe.

• **Happy Ending**—Happily, wind and water work to minimize the unpleasantness. As soon as the pumping stopped, a month or so ago, the water cleared. The houses are white again, the odor has gone.

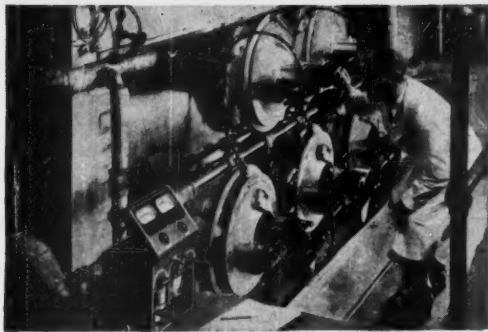
Residents feel uneasily that the joke's on them. Earlier this year they beat down a referendum to organize a sanitary district that would have provided an adequate sewerage plant.

• **Change of Heart**—Now they have called in an engineering consultant firm to submit plans for a new disposal plant. This time, the plan may go through.

"How do we know we're getting maximum efficiency from our heating units?"



"CONTROL OF HEATING UNITS in various processing steps in our paper manufacturing plant was vitally important to our production. Until we called in a Cities Service Engineer we actually had no scientific check on what percentage of fuel was converted into productive energy . . . how much was wasted . . . or whether we were getting the maximum amount of heat from our fuel."



"THE INDUSTRIAL HEAT PROVER—the remarkable Cities Service developed instrument told us quickly and accurately the answers to these questions."

The Heat Prover can be used on industrial furnaces of every design regardless of the type of fuel used. It is also useful in analyzing faulty diesel engine performance. Write for a free demonstration today.

Free—A fact-filled booklet entitled "Combustion Control for Industry." Write Cities Service Oil Company, Sixty Wall Tower, Room 284, New York 5, New York.



CITIES  SERVICE
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FURNITURE

Furniture Goes Into a Buyers' Market



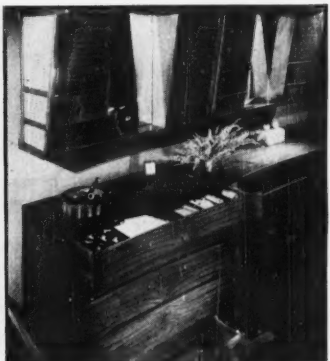
MEDIUM-PRICED lines drew the furniture show crowds. Here a Mengel Furniture Co. salesman shows buyers new feature in dressing-table bench



SELLING TRICKS were everywhere. Hotpoint used bathing models to attract dealer attention. They did—but they didn't attract sales



TRADITIONAL pieces were rare and even they had a modern twist, as this dinette set shows. But everywhere there was . . .



FUNCTIONALISM. This cabinet features adjustable compartments in top drawers, recessed mirrors, fluorescent lights

Only medium-priced pieces sell well at Chicago and Grand Rapids markets. But no one is worried about business.

The buyers' market has come back to the furniture business.

That was the major conclusion that came out of the two big January furniture markets at Chicago and Grand Rapids, which ended last week. At both, buyers started out with their eyes wide open and their order books firmly closed. For the most part, the books stayed closed at Grand Rapids, home of high-quality, high-priced furniture. At Chicago, they opened up after the first few days. But the only people who did a really satisfactory business were the makers of medium-priced lines. And even here, heavy inventories and high prices tended to keep orders small.

• **Smaller Attendance**—Attendance at the Chicago market was expected to wind up about 10% under last January's record-breaking 25,000 buyers. But there seemed to be little shrinkage in the number of stores represented.

The reason was that stores had sent more than one buyer to previous post-war markets to be sure of getting needed merchandise. This year they knew they could get it easily, and sent only one.

• **Value High**—Keystone of the market was value. Prices held firm, unchanged on the average from levels of last July. Manufacturers held out no hope that prices would drop as long as labor and materials costs stay at present levels. To make up for it, they had sweetened their lines with new design, better quality, more closely priced items. Not since prewar had buyers seen so many new styles or such a wide variety in all price brackets in the market showrooms.

Manufacturers laid the better values to production economies. These had come from more efficient plant operations, steadier supplies of raw materials, smaller pieces, and functional styles which can be turned out more easily.

• **The Modern Trend**—Style trends established at last year's market (BW-Jan. 17 '48, p. 34) continued strong: Modern accounted for well over half the furniture shown. Surveys by the National Retail Furniture Assn. showed that even in traditional New England preference for modern furniture has risen to 39.3% of sales. (In California, it is as high as 60%).

Light fixtures predominated at the

show—although there were definite signs that darker finishes are on the way back. In design, the small-scale, multi-purpose pieces and upholstered sections introduced only last year have definitely come into their own. In fabric color, it was bright clear reds, greens, and grays which held the floor. Patterns were less wild than they had been at recent previous markets.

Most notable effect of the influx of these new lines and designs was a corresponding drop in the quantity of "commercial" or "borax" lines shown. These heavily upholstered, ornate lines probably amounted to less than 15% of the market offerings.

• **Window Shopping**—None of these changes did too much for the order books. In the high-priced areas, buyers confined most of their activity to window-shopping. But the worst sufferers were the low-end manufacturers who had tried to upgrade their lines during the shortage. With merchandise available, retailers are going back to established, medium-priced manufacturers, where they know they will get good quality.

Main cause of the generally poor business for some lines at the show was high prices. Yet the floor-covering manufacturers bucked the trend: On the eve of the market, they announced a 3% price increase. The retailers shrieked criticism—their mildest comment was that it was bad public relations. The industry defended the increase by pointing to the 100% rise in carpet wool prices since last January.

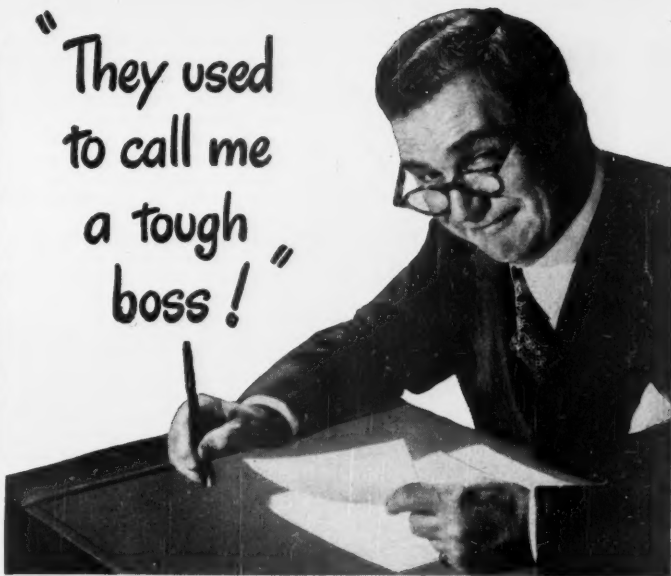
• **The Outlook**—Few furniture men think this year's business will equal 1948, expected to run around 5% ahead of 1947's \$2.8-billion sales. Yet preliminary figures from Seidman & Seidman, furniture industry accountants, indicate that in 1948 the first drop in unit production since war's end showed up.

So far, there are no really dark clouds on the horizon. Both dealers and producers feel that a total sales drop of 10% to 15% in 1949 would still leave them with a good business. But the trade is also convinced that it is going to have to go out and sell in order to keep up its volume.

• **Sales Help**—Progressive manufacturers at the Chicago show went in heavily for dealers' sales help. The Mengel Co. (picture, page 76), postwar Louisville (Ky.) manufacturers of branded medium-priced case goods, drew attention for its elaborate dealer-aid program. The program included such ideas (new to the furniture industry) as full, informative labels on each piece of furniture, complete mat service for suggested retail ads, and so on.

At Grand Rapids, whose show did worse than Chicago's, merchandising was an even greater preoccupation

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a tough
boss!"



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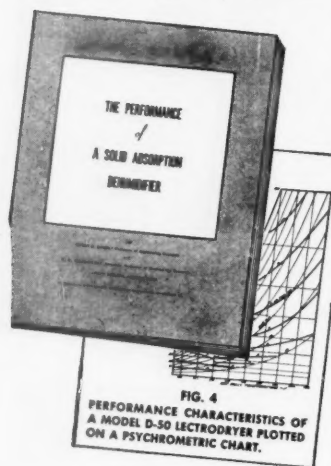
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(Please attach to, or write on, your business letterhead) BW-1-15

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among the marketers. This showed up in an announcement that a two-day "furniture selling workshop" would be held July 14 and 15 in conjunction with the midsummer market. The workshop is expected to bring to Grand Rapids a broad cross section of merchandise managers, buyers, promotion people, sales trainers, and top-ranking floor salesmen.

• **Grand Rapids Trends**—Meanwhile, the Grand Rapids show did produce two noteworthy trends. More and more manufacturers talked about "multi-purpose furniture."

More notable—and more subtle—were signs that Grand Rapids is yielding to the flatter pocketbook. At least two of the high-style manufacturers showed products selling for lower prices than usual. The lower price levels were made possible by savings on the insides of furniture pieces.

• **Appliances**—Appliance makers are trying to do the same sort of thing to bring prices down. Their showrooms at the Chicago show got a smaller play from buyers than the furniture displays. In anticipation of this—because of falling business during the past months—most manufacturers had "stripped" electric ranges at the show for the first time since the war. They are designed to sell for just under \$200.

Dealers explained their lack of interest in appliances with the complaint that the industry was over-produced and over-franchised. With the industry finally geared up to almost full production (their only limitation had been sheet steel supplies) too many dealers were competing for appliance sales. The trade estimated that the number of dealers had trebled since prewar.

• **1949 Volume**—But appliance manufacturers were confident that 1949 volume would be good, though few ex-

pected it to equal 1947 and 1948's sales peaks. Sales for the first six months of 1948 had run 10% to 15% ahead of 1947 volume, but the last quarter's sharp drop apparently had offset the earlier increases. Final sales totals for 1948 are not yet available, but 1947's figure was about \$2.7-billion.

Manufacturers attributed the last quarter sales decline to: (1) effects of the reimposition of Regulation W, which proved a definite drag on retail sales; and (2) return of the industry to its normal seasonal pattern. In spite of the fall decline, the industry in 1948 turned out between 4-million and 5-million refrigerators, 4.3-million washing machines, 2.8-million gas ranges, and 1.4-million electric ranges.

Crowds gathered only in appliance showrooms where special promotional displays were on view, such as the Hot-point shower bath complete with bathing girl models to dramatize the Hot-point water heater. Salesmen in some showrooms complained that all they had in were competitors.

• **Change**—Surest sign that competition had returned to the appliance field, in contrast to previous markets, was in prices. In the past, price was barely mentioned. This year, most major appliance-makers had suggested retail prices prominently displayed.

Radio manufacturers admitted that the industry was in confusion over the record-player situation. With records designed for playing at different speeds, either on the market or about to be, manufacturers of radio-phonographs are holding back production of new models. But television models on display drew crowds of interested dealers. As more television stations go on the air, many dealers in areas with new or prospective TV stations were considering taking on television lines this year.



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Why 2 out of 5 businesses never come back

YOU: "Gentlemen, I hold in my hand a check from the fire insurance company covering my losses. I shall re-build my plant, and we shall continue to do business as usual."

YOUR CUSTOMERS: *"We have liked the quality of your products and service, and it was pleasant to do business with you. But, of course, we must turn to your competitors now . . ."*

YOU: "For a short time only, I hope. My new plant will be up in a year and a half."

YOUR CUSTOMERS: *"A year and a half? . . . That's a long time in the business world, but perhaps we will get together again. Good luck!"*

RESULTS: There's no "perhaps" about it. Experience shows that, in cases like this, too many customers are gone, and gone for good. Make no mistake about that! For, although insurance may help you rebuild, no indemnity check has ever bought back a lost customer. Consider that fact soberly. It is one of the most important reasons why 2 out of 5 burned-out businesses never resume. Other contributing reasons are: (1) burned records are lost forever, (2) insurance coverage lags behind inflationary replacement costs, (3) experienced employees wander away.

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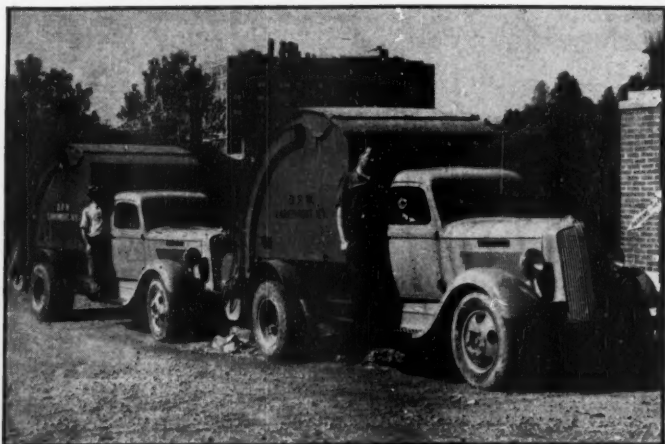
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Why Local Taxes Head Up

Municipal budgets promise to reach new highs this year. With state and federal governments taking ever bigger bites, city fathers wonder where to get money. Non-property taxes best bet.

President Truman isn't the only government official who is pressing for still higher tax levies this year (page 19). He just happens to be the first, and the biggest wig, to hit the front pages with his demands.

• **Town Hall, Too**—His former rival, New York's Governor Thomas E. Dewey, is expected to follow his lead soon. And the tax call will echo in the

capitols of many another state, and re-echo in municipal councils, from the big city halls right down to the village and town halls. It will be a lucky citizen who doesn't get nipped by extra municipal taxes, one way or another.

In many municipalities, the operating-capital improvement budgets for the coming fiscal period will rise well above their often record-breaking level of last

year. Hence, most local authorities will have to do two things: (1) squeeze more revenues out of levies already in use; and (2) think up new ways to whittle some extra tax-dollars from their citizens' pockets.

You hardly have to look beyond your nose for reasons for the new tax-increase rounds.

• **Old Story**—Municipal operating costs, like those of business generally, are still kiting madly—and they have already risen sharply since the war. Payrolls are climbing. Prices of such basics as fuel, equipment, materials continue to rise; so do construction costs.

For another thing, some normal expense items have lately developed into abnormal costs to further vex the keepers of municipal purses.

• **"Regular" Expense**—Thus, during the war, much regular maintenance and new-building activity stopped. A lot of this has been moving again since V-J Day. But a lot—including a huge amount of road work (BW—Jan. 8 '49, p31)—hasn't. And it can't be put off much longer.

As a result, all city and town budgets have skyrocketed in the post-war years. New York City spent \$581-million in 1940 to maintain its municipal services; last year it spent \$1.1-billion. In the same period, Dallas has jumped such outlays from \$11.5-million to \$22.8-million; in Washington, D. C., they have risen from \$48-million to over \$96-million; in Boston, from \$60-million to almost \$85-million.

• **Special Circumstances**—These are all "normal" expenses. But the troubles of the city fathers don't end with them. Lately special circumstances have combined to complicate their problem. Like many manufacturing companies, municipalities face an extensive—and costly—plant-expansion program.

Among the primary complications are the great growth in population in many localities since 1939 and the recent sharp rise in the birth rate. These are trends that cities like to see, generally. But they have proved a mixed blessing.

• **Growing Pains**—Step into a local hospital, or a school. You'll find both jammed to the gun's in most places—thanks to the booming population and birth rate. And they are not only short of space, they are short of personnel. If municipal officials put off this problem, they're likely to touch off a worse crisis.

That holds true particularly of the schools. Today, 25-million students are enrolled in the nation's elementary and high schools. Only a few years from now, the enrollment will probably reach some 34-million. So a comprehensive school-expansion program is a must.

No such program comes cheap. New York City's Board of Education, for example, has just estimated that it will cost that city over \$220-million to op-

MARSH & McLENNAN

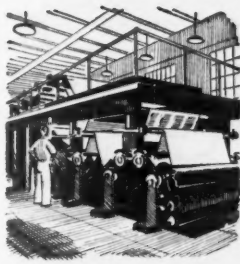
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SCHOOLS are long on students, short on teachers. It will take taxes to fix them up

erate its schools in the next fiscal year. That's over 10% more than the city spent in the previous year; yet, city officials say, the new figure "represents the minimum provision necessary to meet the immediate and basic needs of the school system."

• **States to Rescue?**—City and town administrators are looking hopefully to their states for some of the wherewithal to meet their needs. They have long contended (and often, justly) that states return too little of the revenues they exact from local areas. For some time, municipalities have been trying to correct this "inequitable distribution of state funds."

But until they can tap more state aid, local taxing authorities are going to have to operate on their own a good deal.

• **Real Property**—Real-property taxes have long comprised the largest source of local tax revenues. They furnish well over half of all the yearly income of city and town governments.

It's true that the income from such taxes can probably be increased still further. But many localities feel they can't keep on draining this well indefinitely: Property owners can't carry a much heavier load. San Francisco home owners, for instance, have watched their tax rate rise from \$3.93 to \$6.09 in eight years. Washington, D. C., has hiked its assessments 20% and its tax rate 14% in the same period.

• **Best Bet**—Consequently, it's a good bet that in the months ahead the focus will be on upping income from the many non-property taxes already in use, and on evolving brand-new non-property levies.

There's plenty of variety in current local non-property taxes: local sales taxes; levies on personal and corporate incomes, tobacco and hard liquor, personal property, amusement admissions,

bills for utility services, gross receipts, and pari-mutuel betting. Then there are business and professional license fees, special chain-store assessments, truck and auto licenses, taxes on hotel rooms, charges for garbage collections, sewer connections, and the like. Municipal parking meters and parking lots are also widespread.

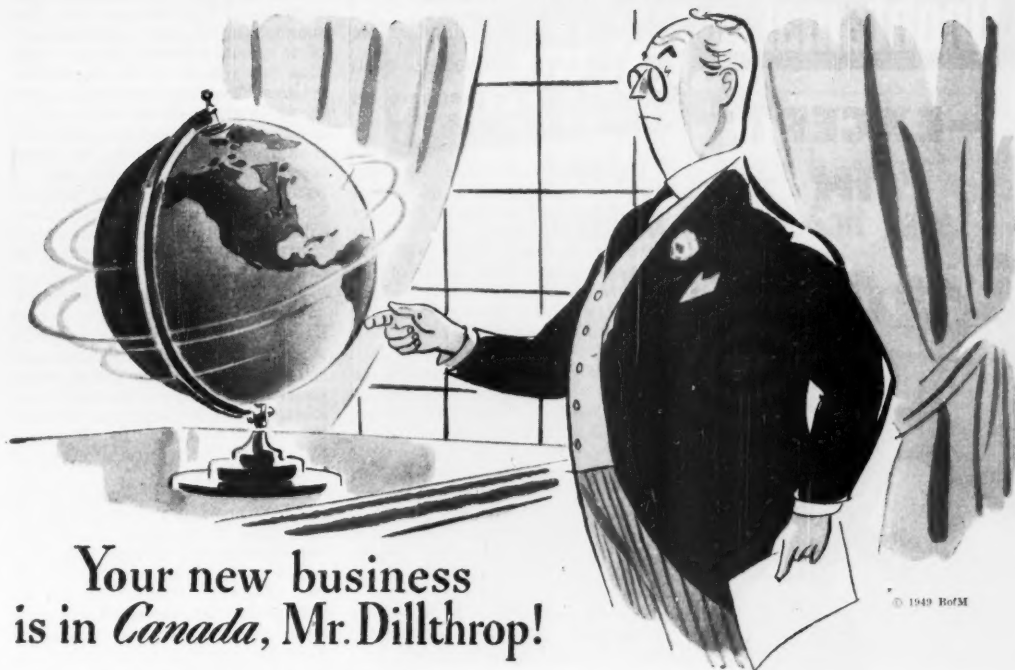
• **Where to Look**—In fact, cities and towns are going to be put to it to widen their range on non-property taxes. Not many people realize it, but either the federal or state taxing authorities have usurped practically all the easily spotted, best paying, least painful levies of this sort in the last decades. As a result, tax collections by the "Big Two" play a much bigger part in the general scheme of things than they used to play.

Back in 1939, for example, total domestic tax collections added up to only some \$104-billion. Of this amount, only 20% went into state coffers, and only 33% into the federal treasury. Close to half accrued to local governments.

• **Distribution Shift**—By last year, such collections had risen to about \$54-billion. The federal government's share of the total take is estimated at around \$40-billion, or about 75%; the states' cut came to almost \$8-billion, or some 15%. That left only \$6-billion, or around 11% for local tax gatherers.

Lately the two "senior" tax collectors have chalked up even sharper gains. Since 1939, federal tax collections have scored a 480% rise, state collections a rise of 108%. Returns of local governments (over 155,000 counties, cities, towns, villages, townships, school districts, and the like) have risen only 25%.

• **No Easier**—Neither state nor federal authorities show any signs of a tax slowdown. So it's easy to see why city fathers are clamoring for a more equitable distribution of over-all tax receipts.



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Fire Rate Poser

N. Y. State ruling upsets fire insurance companies' plan for increasing the premiums on multiple-location policies.

The New York State Insurance Dept. last week issued a ruling that put fire insurance companies on a hot seat. The department says that its "multiple location" ruling will save money for many large buyers of fire insurance who do business in New York State. But it has sent insurance companies scurrying to look for a new rate basis.

According to the department, the ruling prevents a boost in premiums paid on building contents—if the buyer does business in five or more locations within the state.

Actually, the ruling may have an effect far beyond New York's borders, for New York is often looked to as a leader in insurance matters. And the rating plan which New York turned thumbs down on has already been approved by 45 other states.

• **Background**—Here's what happened in New York. The New York Fire Insurance Rating Organization, representing fire insurance companies, had proposed a new way to rate "multiple locations." The new plan would have ignored quantity altogether. The premium on a policy covering several locations would simply be the sum of the premiums which would be charged for each location separately.

In turning the plan down, the New York department said that the new rates would be "unfairly discriminatory." It said that they failed to allow for lower expenses to the insurance companies in getting large volume business. It stated that the proposed method would in general raise the rate level, and that there was no statistical proof given by the insurance organization why this raise was necessary.

• **Reason**—The turned-down plan would have replaced a more elaborate rating method which allowed a "quantity discount." This previous method of rating was withdrawn by the New York insurance organization last October. Its reason: It believed that the Morton Salt Case (BW—May 8 '48, p21) made such discounts illegal in insurance. The Morton Salt case puts on the seller the burden of justifying discounts to quantity buyers. And the fire insurance companies felt they were unable to justify these discounts statistically.

The department's decision leaves New York buyers of multiple-location fire insurance in the dark as to how much they will have to pay for their

insurance if they buy it from a company that follows rates set by the rating organization. The decision also puts pressure on the rating organization to come up with a multiple-location rating plan that will satisfy the department. • **Other Plans**—Independent plans filed by the Insurance Co. of North America and the Pearl Assurance Co., Ltd., have recently been accepted by the department. Another independent plan offered by the Fireman's Fund Insurance Co. is now being considered. Considerable multiple-location business is also done by mutual and foreign insurers.

The department does not accept the argument put forth by members of the rating organization that they are unable to justify their multiple-location rates statistically. In fact, its ruling orders the rating organization "to prepare and submit forthwith" a program designed to work out adequate data. If none is forthcoming, the department intends to work out its own rates.

• **Pro and Con**—The department's order is a high point in a skirmish that has been going on for some time between the organization's member companies and New York insurance superintendent Robert E. Dineen. Dineen has pointed out that the casualty-insurance business still accepts the principle of discounts based on the size of the premium (BW—Jan. 8 '48, p82). "Why should the right hand do it," he asks, "but not the left?"

The bureau companies, on their side, say that it is inconsistent to rate a chain grocery store one way and then rate a neighboring independent store another way.

Commercial-Loan Rates Higher than a Year Ago

In New York City interest rates charged on short-term commercial loans showed virtually no change in the last quarter of 1948. Rates on loans due in more than a year, however, showed a sharp increase. And all loaning rates are running sharply above the levels of a year ago.

Those are the chief findings of a survey just completed by the New York Federal Reserve Bank. The report covered the recent loan activity of 12 large Manhattan banks.

• **A Shade More**—Short-term loans made by the group surveyed bore an average rate of 2.27% in the first half of last month. This compares with the 2.26% average rate that prevailed for the same type of advances in the comparable period of September. In early December, 1947, the similar going rate averaged only 1.82%.

On longer-term loans the group last

month put out funds at an average rate of 2.17%. Last September, long-term borrowers had to pay 2.02%, only 1.89% in December, 1947.

• **Boston Rates**—In Boston, the short-term, interest-rate picture has recently looked somewhat different. According to Boston's Federal Reserve Bank, interest rates on short-term loans made by five leading local banks in the first half of December averaged 2.43%. In September, 1948, they averaged 2.38%.

FINANCE BRIEFS

Standard Oil (N. J.) is negotiating for a \$74-million long-term loan. But no one knows yet whether it will be a private deal or a public offering.

• **Twentieth Century-Fox** deal with American Broadcasting Co. (BW—Dec. 4 '48, p96), off and on for weeks; is off again. The film company denies rumors that it has resumed negotiations to buy controlling interest in A.B.C.

• **Coca-Cola International** common—The Big Board's highest-priced blue chip—showed up on the tape again last week. Ten shares sold at \$1.075 each. Last time (July, 1948) the price was \$1.332 a share.

• **Dow Chemical** employees have subscribed for 48,500 shares of Dow common under a payroll-deduction plan. Dow says 22% of those eligible to do so bought stock.

• **New York Stock Exchange** seat has just been sold for \$40,000—\$2,000 less than the last previous sale. The market now: \$35,000 bid, \$42,000 offered.

• **Life insurance companies** own more than \$10.8-billion of real-estate mortgages. Purchases during 1948 were better than \$3.3-billion.

• **Individuals' liquid savings** rose \$3.1-billion in the third quarter of 1948. SEC also says holdings of currency and bank deposits expanded almost \$2-billion; investments and securities, \$900-million.

• **The check-routing symbols** of the Federal Reserve Banks (BW—Mar. 9 '46, p69) now appear on some 58% of the checks passing through cash-item channels. A year ago only 46% had them.

• **Bank of Montreal**—Canada's largest and oldest—for the first time has more than \$2-billion of assets.

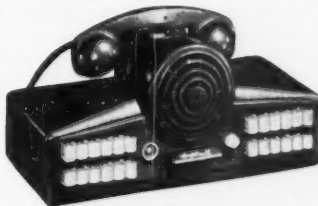


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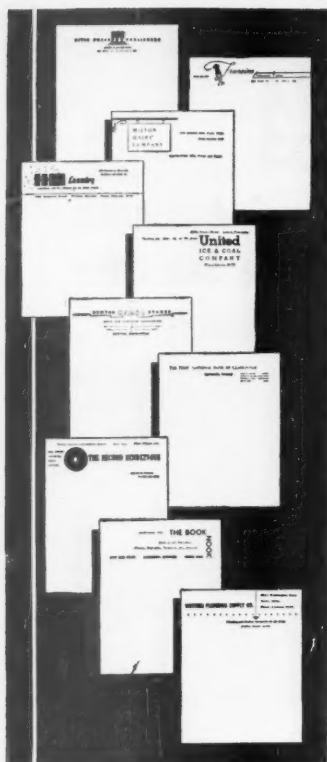
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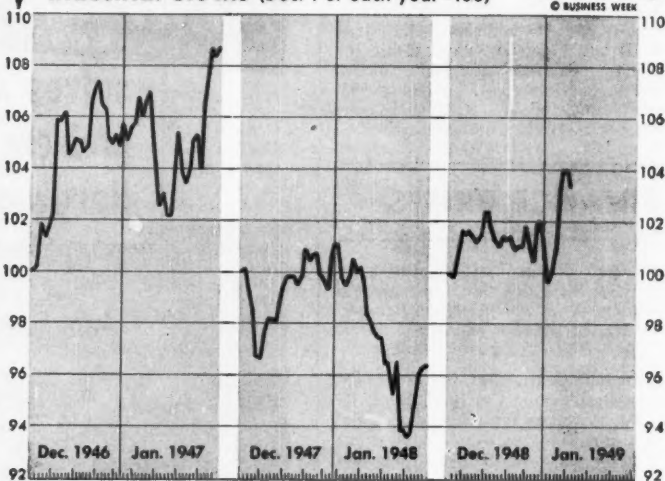
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THE MARKETS

Industrial Stocks (Dec. 1 of each year=100)

Data: Standard & Poor's Corp.
© BUSINESS WEEK



Stocks Evaluate Truman Deal

Wall Street pins a price tag of 180 on the Dow-Jones industrials after seeing President's economic report and budget. Traders hopes of year-end rally fizzle.

President Truman's grand plan for a tailor-made economy (page 19) evidently is worth about 180 on the Dow-Jones industrials. Prices bounced up to that level after the State of the Union message (BW-Jan. 8'49, p. 86). Then they stopped cold as traders got a look at the budget and the Economic Report.

• **No Year-End Rally?**—As things stand, Wall Street is afraid that it has been cheated out of its traditional year-end rally for the second year in a row. The industrials are now less than 4% above their level at the start of December (chart). That's a far better record than they made in the 1947-48 season; then

the Federal Reserve Board squelched the rally by cutting its support prices for government bonds. But it is slim pickings in comparison with the 8.7% gain the industrials scored in the year-end rally of 1946-47.

Ordinarily, the year-end rally develops more or less automatically (BW-Dec. 18'48, p. 100). During December, investors and traders sell stocks to register gains or losses for tax purposes. Then, around the turn of the year, they start buying in again. In addition, many of them plow back some of the money they get in year-end dividend declarations.

• **Low Activity**—There was a fair amount of tax selling during last December. But most traders have been cautious about putting their lines out again. After the State of the Union message, there was a buying flurry that took prices up about five points on the Dow-Jones industrials. The market hasn't lost any of that ground since. But it hasn't gained anything, either.

Traders say now that they are waiting to see how Congress will react to Truman's proposals (page 22). If it begins to look as though Truman will get all or most of what he is asking for, stock prices will probably start dropping. If

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	153.4	148.6	151.2	147.0
Railroad	43.4	42.3	43.4	43.5
Utility	68.4	66.6	65.9	68.7
Bonds				
Industrial	95.3	94.8	94.5	97.0
Railroad	85.7	85.0	84.5	82.5
Utility	93.6	93.7	93.3	95.5

Data: Standard & Poor's Corp.

Congress blows the whistle on him, Wall Street may be able to manage a modest rally by way of thanksgiving.

• **Tax Scare**—The main thing that scares the market is the prospect of higher taxes on business. Traders don't expect Congress to give Truman the full \$4-billion increase in revenues that he wants. But they think taxes almost surely will go up some. And they take it for granted that corporate incomes will be the big target for the new levies.

A hike in corporate taxes would have a two-way kickback on stock prices.

In the first place, higher taxes would cut into corporate earnings. That might nip off the steady rise in dividends—one of Wall Street's few comforts in the past year.

In the second place, the tax collector's extra bite would come out of the funds that business has been using to finance its heavy spending on new plant and equipment. That would force more corporations to float new security issues. And this extra supply of securities would weigh heavily on the current thin markets.



Letter to a Customer

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The sum involved was fifty thousand dollars—but could just as well have been five thousand—or five hundred thousand!

The lady was a widow; so naturally the plan had to stress conservation of principal, continuity of income. Research picked eleven securities . . . gave good reasons for each selection . . . included recent market prices, probable annual income—and sent what we thought was a satisfactory "letter to a customer".

If you'd like to see this actual sample of a Merrill Lynch service, we'll be glad to send you a copy. But why not get a report on your own situation? Just ask for an analysis of your own holdings . . . the available facts on any securities that might interest you . . . sensible suggestions on how to invest any amount of surplus funds. There's no charge, no obligation. You can visit our office yourself, or write direct to—

Department S-9

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1948-49 Stock Market Debits and Credits

Standard & Poor's Weekly Indexes (1935-39 = 100)

Stock Group	1947 Year-end	1948-49 High	Maximum 1948-49 Gain	Jan. 5, 1949	Current Gain or Loss
Radio.....	110.6	164.9	49.1%	151.0	+36.5%
Shipbuilding.....	150.6	202.4	34.4	184.2	+22.2
Aircraft manufacturing.....	90.9	131.5	44.7	102.3	+12.5
Copper.....	116.9	143.4	22.7	127.7	+9.2
Mining, smelting.....	77.8	94.2	22.4	82.2	+5.6
Finance companies.....	87.9	101.2	15.1	92.5	+5.2
Utility holding co.'s.....	100.9	127.2	26.1	104.5	+4.6
Lead, zinc.....	104.5	127.7	22.2	107.8	+3.1
Office equipment.....	140.4	156.2	11.3	144.1	+2.6
Coal.....	241.5	295.4	20.3	246.7	+2.1
Baking, milling.....	147.6	157.6	7.5	150.0	+1.6
5¢, 10¢, \$1 stores.....	119.8	129.8	8.3	121.1	+1.1
Electrical equipment.....	95.9	109.6	14.3	96.8	+0.9
Mail order, general chains.....	175.9	199.4	13.4	177.2	+0.7
High-grade common stocks.....	114.0	121.4	6.5	113.6	-0.4
Metal containers.....	68.5	77.7	13.4	68.8	-0.4
Telegraph, telephone.....	94.6	100.2	5.8	94.1	-0.5
Chemicals.....	128.3	136.9	6.7	127.7	-0.5
Food chains.....	170.5	184.8	8.4	169.2	-0.8
Department stores.....	181.5	211.7	16.6	178.8	-1.5
Oil.....	168.9	202.1	19.7	166.2	-1.6
Capital goods.....	119.0	130.8	9.9	116.0	-2.5
Utility operating co.'s.....	97	120.4	5.6	94.1	-3.1
Railroad.....	108.5	129.5	19.3	104.5	-3.7
Composite index.....	184.8	186.0	9.5	119.5	-3.8
All industrials.....	131.1	143.7	9.6	125.6	-4.2
Automobiles.....	122.5	133.9	9.3	117.3	-4.2
Dairy products.....	170.6	184.6	8.2	163.3	-4.3
Shoes.....	115.6	117.6	1.7	109.2	-5.5
Motion pictures.....	158.3	181.5	14.7	148.9	-5.9
Steel.....	136.6	153.6	12.4	128.0	-6.3
Tobacco products.....	83.1	83.1	77.8	-6.4
Consumer goods.....	129.1	136.9	6.0	120.3	-6.8
Distillers.....	300.3	340.6	13.4	279.9	-6.8
Tires, rubber goods.....	185.5	195.7	5.5	172.9	-6.8
Gold mining (U. S.).....	64.2	70.0	9.0	59.1	-7.9
Machinery.....	116.8	134.0	14.7	106.1	-9.1
Building materials.....	127.4	137.7	8.1	116.8	-9.1
Soaps, vegetable oils.....	144.9	148.4	2.4	131.3	-9.4
Textiles.....	235.4	272.1	15.6	213.1	-9.5
Auto parts, accessories.....	124.2	138.8	11.8	112.2	-9.7
Paper.....	293.3	323.4	10.3	263.1	-10.3
Sugar.....	98.6	100.8	2.4	88.4	-10.3
Air Transport.....	218.9	263.2	20.2	193.3	-11.7
Agricultural machinery.....	139.8	151.2	8.1	121.7	-13.0
Low priced common stocks.....	141.6	162.3	14.6	123.2	-13.7
Drugs, cosmetics.....	108.2	106.8	-1.3	93.4	-13.7
Shipping.....	392.7	406.5	3.5	336.1	-14.4
Metal fabricating.....	122.4	138.8	13.4	99.4	-18.8
Printing, publishing.....	134.1	159.0	18.6	107.8	-19.6
Rail equipment.....	111.3	117.3	5.4	87.5	-21.4
Fertilizer.....	263.2	288.4	9.6	203.7	-22.6
Meat packing.....	159.7	162.3	1.6	116.6	-27.0
Glass containers.....	122.3	119.6	-2.2	86.9	-28.9
Soft drinks.....	162.3	161.5	-0.5	109.1	-32.7
Leather.....	131.1	136.0	3.7	71.0	-45.9

LABOR



HEAVY ROADWORK AHEAD: By laws and by bargaining, unions drive for . . .

Welfare Benefits: 1949 Goal

C.I.O. calls signal for all-out labor campaign by setting up pension plan for its own employees. Friendly Congress, economic climate bolster chances for new gains from government and industry.

The day after Christmas, C.I.O. released the December issue of its Economic Outlook with the caption: "Two-way drive for social security."

The day after New Year's, C.I.O. announced installation of a C.I.O.-paid pension plan for its 50 Washington headquarters employees.

• **The Year**—It was C.I.O.'s tipoff to Congress and employers that this is the year labor will make its big, two-pronged drive for:

(1) Expanded and improved social-security benefits from the government as a basic minimum floor under

(2) More—and better—health, welfare, and pension plans spelled out in union contracts.

C.I.O. was putting its own house in order—so it could get down to brass tacks with employers on welfare issues. A.F.L. and many of its unions have long given pensions to their employees.

• **Why Now?**—Labor leaders have good reason to feel that, on the Congressional and industry fronts, 1949 is the year for an all-out welfare drive.

On the legislative side, they have a new friendly, Democrat-controlled 81st Congress—and a Truman spurring it on with his "fair deal" program. The case for liberalization and extension of social-security benefits will be considered in an atmosphere of rising unemployment—and against the background of 1939-fixed retirement benefits. Since

then the cost of living has risen 70%.

On the bargaining side, union negotiators see even more urgent reasons. The consumers' price index has declined for the last two months. Hence it has lost the potency it packed in the first three rounds of postwar wage negotiations. Since the chances for a large wage increase look hazardous, labor hopes to make up in welfare gains what it fails to get in wages.

Union strategists figure they have more hope for success if they act while manpower is still tight and industry's record-breaking 1948 profits are showing. They also want to get as many members as they can under benefit plans before a job slump hits the pay-rolls.

• **Good Politics**—Another factor is the political necessity for C.I.O. president Philip Murray to start catching up with his rival, John L. Lewis. By next May, Lewis' employer-financed welfare and retirement fund for his United Mine Workers will have been operating three years. Murray expects next July to sign U. S. Steel Corp. to a social-insurance plan, which won't include pensions. He already has one with Allegheny Ludlum, and hopes to spread such programs throughout the steel industry.

• **A.F.L. Gains**—Another spur to C.I.O. action came from A.F.L. longshoremen just recently. By striking and rejecting a settlement reached by their leaders,

the longshoremen got the New York waterfront employers to come across with an estimated \$1,250,000 a year to provide 20,000 men with: \$1,000 life insurance policies; accidental death policies; sickness and accident insurance of \$25 a week up to 13 weeks; surgical payments up to \$150; and hospitalization under the Blue Cross plan.

I. Legislative Goal

On the legislative front, C.I.O. and A.F.L. are pulling together. Both have been in frequent touch with Federal Security Agency officials on ways to improve social security. Emil Rieve, president of C.I.O.'s Textile Workers, and Nelson H. Cruikshank (picture, page 89), director of A.F.L. social-insurance activities, served on the Senate's Advisory Council on Social Security, headed by Edward R. Stettinius, Jr., former Secretary of State. This council has just issued the last of four reports recommending social-security improvements.

• **Accord**—The views of the big labor organizations jibe pretty closely with those of FSA. The several social security bills that are coming up in Congress will reflect this union and FSA thinking.

• **Health Bill**—The first to go into the congressional hopper was the Murray-Wagner-Dingell health bill that got nowhere last year. This is what sponsors say the bill would provide: Health insurance would cover about 125-million persons, including employees, the self-employed, and their dependents. They would get medical and dental care and related services, with free choice of doctor and dentist. Doctors, dentists, nurses, and hospitals have an option to participate and may choose their patients. "Fair and adequate" fees would be paid from an insurance fund. Administration would be local; hospitals would be free from government supervision or control.

One or more bills will cover three other phases of the program: (1) increasing and extending old-age and survivors insurance; (2) liberalizing unemployment insurance; and (3) disability insurance—something new in the federal plan.

• **Old-Age Insurance**—Major changes sought in old-age and survivors insurance are: (1) extension of benefits to some 24-million jobs not now covered, and (2) increasing the amount paid.

First, the benefits would be extended to 750,000 insurance agents, independent news vendors, and others exempted from the law by the Gearhart resolution last year.

Then, plans are to put under the law, for the first time, the self-employed (farmers, small businessmen, and professional persons); agricultural labor;



SECURITY PLANNER for A.F.L., Nelson Cruikshank, helped draft new program

domestic servants; employees of non-profit institutions (hospitals, churches, foundations); federal, state, and local employees not covered under a retirement plan; and those in military service. The law would cover state and local employees only when the state enters into an agreement with FSA. Nonprofit organizations would keep their tax-exempt status.

• **More Benefits**—Right now a worker without dependents gets an average monthly retirement benefit of about \$25. The new program would work several ways to raise these benefits. Minimum monthly retirement benefit for man and wife would be raised to \$37.50. The maximum would go up to \$150. The formula for computing the benefit would be liberalized: It would allow 50% of the first \$75 of average wages, plus 15% of the additional wages. At present it is 40% of the first \$50 and 10% of the additional. The maximum wage basis on which social security operates would be hiked from \$3,000 to \$4,800 a year. Retired workers could earn up to \$40 a month without loss of retirement insurance; now they can earn only \$15. Since wives generally are younger than husbands, retirement age for women would be 60; at present it is 65 for both sexes.

• **Unemployment Insurance**—Here are the changes proposed in unemployment insurance (which is a federal-state proposition, with the federal government laying down the general rules within which the states run their own programs):

(1) Extend coverage to exempted groups.

(2) Permit workers to refuse jobs that don't utilize their highest skill without being disqualified for insurance.

(3) Raise maximum benefits to \$30 a week—but the amount would vary

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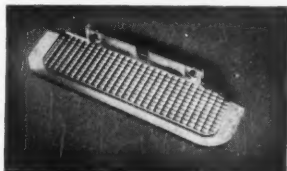
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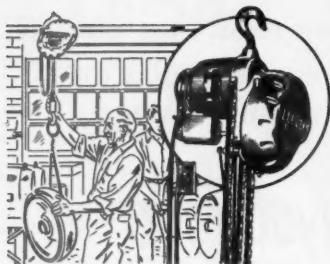
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with the number of dependents; for a person with three or more dependents, it would be \$45 a week.

Proponents will also urge that unemployment insurance be allowed to run 26 weeks' pay a year all over the country.

- **Disability Insurance**—A worker disabled for short periods—up to 26 weeks—would get benefits based on previous wages and number of dependents. Payments would range up to \$30 for a single person, and up to \$45 for one with three dependents.

Benefits for extended periods of disability—six months or longer—would be computed the same as those for old-age insurance.

- **C.I.O.'s Position**—C.I.O. stands back of the proposed legislation, in principle. Its specific ideas on new laws line up like this:

- **Old-Age Insurance.** It would like these benefits doubled or tripled. Railroad workers under the Railroad Retirement Act get average benefits of \$85 a month; some of them draw as much as \$144, it points out.

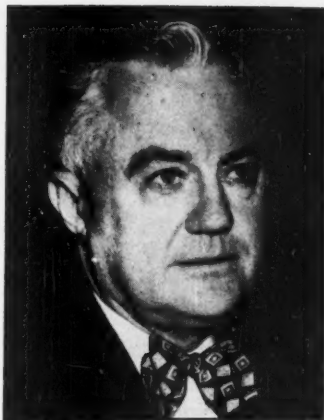
- **Unemployment Insurance.** C.I.O. wants the federal government, not the states, to be the boss—both on insurance and on employment service. It seeks higher benefits. Because of the increase in wages since 1939, it asserts that unemployment insurance is making up only a third of wage loss instead of a half, as it was intended to do.

- **Disability Benefits.** C.I.O. believes these should cover both permanent and temporary disability that isn't covered by workmen's compensation. California, Rhode Island, and New Jersey have had short-term disability programs geared into unemployment-insurance systems. Their experience, says the union, has "reinforced the C.I.O.'s preference for a national setup."

C.I.O. figures that the cost for a broad government welfare program would come to 7% or 8% of payroll "for the next few years." This takes in improved programs of old-age and survivors insurance, unemployment insurance, the employment service, new national systems of cash sickness benefits and medical-care insurance.

At present, workers and employers each pay 1% of the pay check toward old-age and survivors insurance. For unemployment insurance, employers pay an average of about 1½%. C.I.O. would go along with an increase in payroll taxes—provided the total rates aren't more than 2% or 2½% on workers and 4% on employers. The rest of the money should come from general revenue, says C.I.O.

- **New Cabinet Job?**—Strong union backing is also being given to proposals for a new cabinet Dept. of Health, Education & Welfare. The Hoover Commission on Organization of the Executive



FSA DIRECTOR Oscar R. Ewing has labor backing for a new cabinet post

Branch of the Government has made such a suggestion. And it got union support at the 1948 A.F.L. convention when president William Green urged appointment of Oscar R. Ewing (picture, above) to head such a department—if and when it's created.

Ewing is director of the Federal Security Agency—which now handles health, education, and social and economic security programs covering about 40-million persons.

II. Bargaining Goal

The unions have pretty well shaped up the skeleton of what they will be seeking from employers. The framework will grow flesh and blood at individual bargaining tables.

- **Aims**—In general, the unions are shooting for a plan:

TAILORED TO THE NEEDS of the workers and the union in a particular plant or industry;

BUILT OVER THE FOUNDATION of government social-security benefits;

PAID FOR by employers;

INCORPORATED into a union agreement, so the union will have at least an equal voice in its administration.

And indirectly, they hope to bolster the lagging movement for a guaranteed annual wage.

- **Bargaining Rules**—C.I.O. has laid down three specific rules to guide its bargaining-table negotiators:

- (1) Get a definite amount contributed by the employer;

- (2) Have the money put into a trust fund, so it can't be used for any purpose other than social-security benefits;

- (3) Get an equal voice in working out and running the program.

- **Inland Steel Case**—C.I.O. is ready to make full use of last year's Inland Steel decision, in the U. S. Circuit Court of

Appeals. This held welfare plans proper subjects for collective bargaining. C.I.O. hopes to make its biggest gains among employers who have set up plans on their own hook, keeping them out of union reach. Many companies set them up as a means of fending off organization—before the unions got in.

C.I.O. says the workers want to bargain on these plans—put them into contracts—"to be sure of their rights, to get better benefits, to prevent aged workers from being fired just before becoming eligible for pensions, to avoid compulsory retirement of aged workers, and in general to seek to have a voice about a matter of such great concern to them."

Compulsory retirement of aged workers was the issue in the Inland Steel case.

• **Union Plans**—Union welfare plans vary. Some are related to government social-security payments; most of them are not. The types of benefits also vary. Opposition to employee contributions is growing. Since Lewis got a royalty on coal production to finance the miners' welfare and retirement plan, most of the big plans negotiated by unions have been employer-financed.

The pension plan for C.I.O. Washington employees is financed by C.I.O. "management." At 65, the pensioner is assured at least \$100 a month pension, including what he gets from federal social security.

Miners' get \$100 a month at age 62, plus what social security provides. They also get disability, illness, hospitalization, and death benefits, and medical service.

• **Steel and Auto Workers**—Murray's steel workers are trying to get from U. S. Steel: (1) group life insurance averaging \$5,400; (2) a paid-up \$1,500 life insurance policy at age 65; (3) hospitalization benefits of \$8 a day up to one year for employees, wives, and minor children; (4) \$35 a week sick benefits; and (5) surgical expenses up to \$225 a year for an employee or his family.

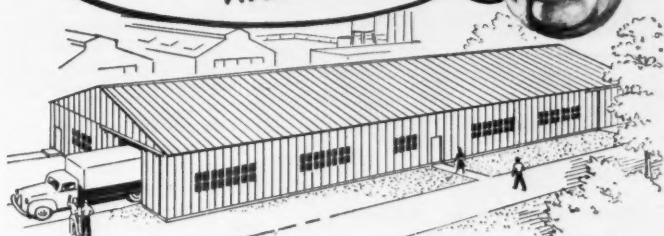
In the auto industry, C.I.O. auto workers got an insurance plan last year from Kaiser-Frazer, financed by employer payments into a trust fund. It provides hospital-bill payments, \$2,000 death benefits, weekly disability benefits, and cash indemnity to help meet the cost of surgical care. Families as well as the employee himself are included in hospital and surgical benefits.

In Chicago, C.I.O. clothing workers have a plan with the industry joint board whereby the manufacturers match social-security retirement benefits dollar for dollar.

• **First Aid**—A helpful document for employers who feel lost in the maze of regulations and principles governing welfare plans is a report issued Dec. 31 by the Joint Committee on Labor-Management

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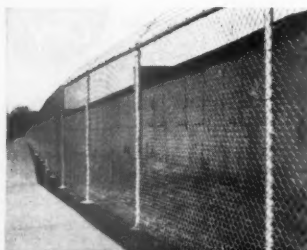
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PITTSBURGH STEEL COMPANY

ment Relations—the congressional watchdog committee on the Taft-Hartley law.

It sets out the legal regulations and tax-exemption rules, the growth of

union-negotiated plans, their relation to social security, the restrictions of the Taft-Hartley law, and other information. It also describes in detail welfare plans negotiated by a dozen unions.

THE LABOR ANGLE

IN NOVEMBER, 1946, labor unions were in the doghouse. The year had seen all previous strike records shattered. A new Congress—the 80th—was elected, and it claimed a public mandate to make labor toe the mark.

It was hardly a time when the long-range objectives of union planners got very serious consideration—especially when the objective was a seven-league step beyond industry-wide collective bargaining. For at that time there appeared to be a very real possibility that industry-wide bargaining would be banned in the new labor law the 80th Congress was set to write.

Under the circumstances, it was not strange that a breath-taking proposal by a high-level C.I.O. brain truster got very little attention. It appeared in the Personnel Journal, in an article entitled "National Collective Bargaining." The author was Solomon Barkin, chief economist for the Textile Workers Union.

WITH ADMIRABLE CANDOR, Barkin made public a design which had been constructed in union circles but which had never before been unveiled for a larger audience. He acknowledged frankly that "individual plant negotiations restrict the unions' efforts with economic problems." But he reported that while industry-wide bargaining opens up new horizons for the unions, it too has severe limitations. His conclusion was that "you can't deal with most economic problems besetting the individual worker except by national collective bargaining." He envisioned the development of economy-wide negotiations in which men who are empowered to represent all industry will bargain with men representing all organized labor. Barkin asserted that "the next great movement in this country is going to be national collective bargaining."

What little discussion Barkin's views stirred up two years ago in management ranks centered on the obvious fact that he was the spokesman for a union in a relatively low-

wage industry. It would be decidedly advantageous to the textile workers' organization to have its wage bargains made in conferences where such high-wage unions as those in steel, auto, and coal would be represented.

BUT NOT EVERYBODY missed the idea of national bargaining as utopian. A few weeks ago, A.F.L. and C.I.O. witnesses before the joint Senate-House economic committee proposed a national conference at which industry and labor representatives would seek agreement on wage and price policies. And no less eminent and influential a source than the President's Council of Economic Advisers advanced a reasonable facsimile of the old Barkin idea.

Sending aloft a trial balloon in some very ambiguous wind, it considered the possibility of a national labor-management conference. If such a conference is called, say the President's advisers, "it should concentrate upon those discerning analyses of conditions throughout the economy, both immediate and long-range, from which might be deduced some standards that management and labor could later apply in the course of their negotiations."

WHAT WOULD the "standards" the advisers have in mind apply to? They obligingly answer that question in another section of their annual report to the President: "These standards include a wage structure in relation to prices that will maintain the producing power of industry and the buying power of labor in sound proportion."

Barkin returned last week to his C.I.O. post after an extended stay abroad as an economic consultant to the Economic Cooperation Administration. He said he was not surprised by the line of thinking taken by the President's advisers. He has had discussions with them over this point. He expressed himself as "gratified" that they reflected such "sound labor philosophy."



INDUSTRIAL RELATIONS offices, conveniently located, help answer supervisors' problems. This is one phase of Ford's new . . .

Plan for Foremen

Ford again strikes out at problem of making foremen part of management; sets up selection and upgrading program.

At Ford Motor Co. plants today's rank-and-file production workers will be tomorrow's bosses—if Ford's new foreman policies pan out as expected. This week Ford announced that it has set up a program to: (1) select and develop new supervisors, and (2) give present foremen a stronger hand in management. It's all part of a broad Ford plan to keep foremen thinking of themselves as an arm of management (BW—Feb. 14'48,p107)—thereby making sure that supervisory unions never find another excuse for taking root in Ford plants.

• **In the Spotlight**—The Ford program is sure to be watched closely by industrial relations men in other companies. It was at Ford that foreman unionization got its first foothold. It was at Ford, too, that the Foreman's Assn. of America got the smashing defeat that sent it spinning downhill in 1947 (BW—Jul.12'47,p17). Since then, whatever Ford has done to make foremen happier has been in the labor relations spotlight.

Many of the steps that Ford has taken have not been unique: They've only paralleled what other employers are doing (BW—Nov.20'48,p114; Jan.8 '49,p90). But the company's new plan for picking supervisors is coming in for more than casual interest—as well as some debate: Will foremen, promoted from the ranks, be closer to management than to the union in which they started out? Ford thinks they will. The

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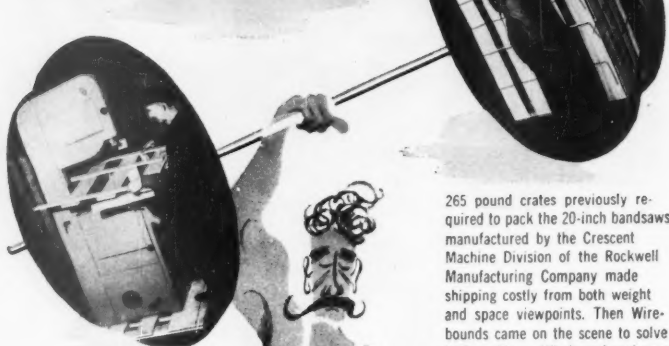
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AT LOWER COST IN

WIREBOUNDS



UPPER LEFT

Special interior packing fits snugly into place, provides added strength and protection.

UPPER RIGHT

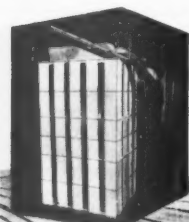
The Wirebound "mat" is wrapped around and closed, in this case by twisting wire ends.

BELOW

As a final operation the lid drops into position and is secured in a few moments.

265 pound crates previously required to pack the 20-inch bandsaws manufactured by the Crescent Machine Division of the Rockwell Manufacturing Company made shipping costly from both weight and space viewpoints. Then Wirebounds came on the scene to solve both problems. Wirebound engineers designed a special four-piece Wirebound crate that weighed only 128 pounds and permitted loading four extra units in a freight car. The Wirebound crate afforded even greater shipping protection to minimize damage in transit. The result... a 14% saving in over all shipping weight! And more, substantial reductions in actual packaging costs! Mail the coupon below... see how you can save with Wirebounds!

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BOXES & CRATES



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SIXTY WIREBOUND PLANTS THROUGHOUT THE UNITED STATES

company expects them to become good company men, and good bosses—well equipped to handle, capably and fairly, all matters involving union relations.

• **Selection Committee** — Part of the new Ford program is the establishment of a management development committee within the Ford Industrial Relations Dept. The committee will have complete charge of selecting all future foremen.

This is how the first stages will go: Rank-and-file workers who want to move up into supervisory jobs will apply for places on an eligibility list. A selection committee will review work records, and personally interview all applicants. The applicant will have to meet definite requirements: a certificate of job apprenticeship, or a trade or high school diploma or the equivalent; at least three years' shop experience; a good work record; a clean bill-of-health from the Medical Dept., and recommendations from immediate supervisors. Union seniority, by auto industry practice a factor in other promotions, needn't be considered in picking new foremen.

Applicants O.K.'d will be placed on an eligibility list. From this, superintendents will pick men for "trainee foremen" openings.

• **Uphill Pull** — Then comes the hard work. Trainees must take 100 hours of preparatory work on their own time—two hours a day, two days a week. Meanwhile, they must work regular shifts. At the end of the training period, trainees can be either promoted or rejected as foreman material. The committee has the final say-so; there's no appeal through union grievance channels.

The new Ford program also sets standards for foremen now on the job. It wants them fully equipped for: getting and handling new employees; on-the-job training of production workers; interpreting union contract provisions and handling grievances; keeping shop discipline. And Ford wants them to be able to cope with such other management problems as quality controls, cost reduction, work standards, production scheduling, proper use of equipment, etc.

• **Opening a Dead-End**—Ford also has announced that future executives will be chosen from supervisory ranks. The aim is to do away with any ideas that foremen are in dead-end jobs, and to give them an incentive to work up another notch in management.

The Pictures—Acme—23, 89; Charles Phelps Cushing—80, 82; Harris & Ewing—22; Int. News—19, 23, 101 (right); ©Karsh—64; Wide World—90.

LABOR BRIEFS

C.I.O. steelworkers' semiannual report shows: a slight gain in members, to 930,000; net worth of \$6,859,289; six-months income amounting to \$8,318,458—of which \$4,098,573 went back to locals.

Reports on roads are given daily, during bad weather, over Kaiser-Frazer's loud-speaker system at Willow Run. Object: to let employees know about highway hazards they might face on way home, and to urge them to drive carefully.

United Auto Workers this week assigned organizers to Farm Equipment Workers plants. If left-wing F.E. won't merge with U.A.W., as C.I.O. ordered, auto union will try to take F.E. over—plant by plant.

Insurance agents of Prudential Insurance Co. will vote in NLRB election Jan. 29 on collective-bargaining agent. On ballot will be C.I.O. office workers' union (which has been bargaining for agents) and two challengers—A.F.L. and independent insurance unions.

Minimum wage hike to 75¢ an hour (from 40¢) would raise pay of 1.5-million wage earners, BLS estimates. Most are in lumber, tobacco, leather, apparel, furniture, and food industries.

British pay raises, just reported for November, went to 488,000 industrial workers, added about \$460,000 to weekly payrolls.

Withdrawal of recognition from leftist C.I.O. office union was announced this week by two employers—C.I.O.'s National Maritime Union and Transport Workers Union. Officers of the two organizations charged employees hired through the left-wing union stooged for pro-Communists in intra-union squabbling.

White-collar workers in 15,000-member Federation of Independent Westinghouse Salaried Unions have drafted 1949 demands on Westinghouse Electric Corp. They include: a "substantial" salary increase; reestablishment of "adjusted compensation" (profit-sharing) plan dropped in 1942; pension coverage for workers who get less than \$3,000 a year; standardization of hospital insurance.

New FM station (WDET) has been opened in Detroit by C.I.O. auto workers. Union station will present news, music, other entertainment, and educational features.



See no weevil

A Minnesota flour miller had a small problem in big numbers. Weevils.

They swarmed into his plant in returned sacks. Management tried countless schemes to baffle them, but no go. Then Trane equipment came into the picture.

Woe to the weevils! A ceiling-mounted Trane Projection Unit Heater in a special de-weevilling room, now maintains a room temperature of 180 degrees—knocks off the bugs as fast as they come into the plant.

Score another for the equipment that makes air more usable, more efficient and more comfortable in thousands of stores, offices, and industrial plants!

Weevils may not be your problem. But, if it has to do with air, remember that Trane engineers know AIR—how to dry it, humidify it, cool it, warm it, clean it, or move it. Why not check with your architect, engineer or contractor?

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REAL ESTATE SECTION of BUSINESS WEEK

Wage Studies

BLS reports will trace the trend in pay and fringe benefits of key firms. Aim is to give facts for bargaining, arbitration.

How has industry's wage bill climbed to its present high level?

That question is important to top labor relations men this week as they prepare for fourth-round demands. The answer could give a clew to where wages—both in pay per hour, and in fringe benefits—may be headed in 1949.

• **Relation to National Pattern**—Employers—and unions—usually fortify themselves with an analysis of a specific company's wage and benefits trends before starting talks. These show the effect of adjustments, through the years, by give-and-take bargaining and wage administration. But, until recently, there was no way to relate the specific studies to any broader pattern.

Now a new series of "wage chronologies," by the Bureau of Labor Statistics, is designed to give comparisons. They will deal with changes in wage rates and in "related practices affecting wage payments" over a period of years. The studies will be published in BLS's Monthly Labor Review. Later they will be issued in bulletin form for permanent files.

• **Case History**—The first study, out in December, deals with 10 years of wage agreements between the American Woolen Co. and C.I.O.'s Textile Workers Union of America. It is typical of what all in the series of 25 will consider. It takes up:

General Wage Changes—Wage adjustments from Feb. 1, 1939 are outlined, step by step, with explanatory notes on their application, exceptions, etc.

Minimum Wage Changes—Minimum plant rates and common-labor rates are important factors in wage structures. The BLS study shows changes in these minimum rates in sequence, paralleling them with general wage changes.

Related Wage Practices—So-called "fringe" benefits have grown in the postwar period. They don't enter directly into wage rates—but they add a good bit to the wage bill. The American Woolen study traces the development of: (1) guaranteed minimum job rates; (2) shift-premium pay; (3) overtime pay; (4) premium pay for Saturday and Sunday work; (5) holiday pay; (6) paid vacations; (7) pay for reporting time; (8) pay for down time; (9) pay for lost time due to faulty material; (10) equal pay for women; (11) health and welfare benefits.

No one making \$3000 per year is 'Just a Grocery Clerk'

Working, distributing, and creating quality products for the nation's grocers is a difficult business requiring "know-how" and a high salary. They may be paid more for being just a little different than you are. Let us show you a "grocery clerk."

Safeway recognizes that its greatest asset is the people working in its stores. The Safeway of a Safeway store, through salary and profit-sharing, can and does make up to \$10,000 a year. In a 1949 year, we can't help saying that this can't be done in the grocery business. Besides he enjoys a Friday week, vacation and paid holiday privileges.

And how about that "grocery clerk"? Well, we believe that Safeway pays the highest average wages in this market for our type of business, but we will let the facts speak for themselves.

In New York, we have just completed our collective bargaining agreements with United AFL, National Food Union, Union Foodworkers (CIO). These agreements will set wage scales and other conditions of employment.

Safeway Meat Cutters
Minimum — \$47.50 per week
Maximum — \$52.00 per week

Food Clerks
Starting Rate — \$41.00 per week
to — \$46.00 per week

1 week's vacation after 6 months' service
2 weeks' vacation after 1 year's service
7 paid holidays
8 hour day — 5 days a week
Overtime after 40 hours and holidays if worked
Slight penalty rate if worked

But our scale is the ceiling of our employee's pay not the floor. In addition to our high wage scale, we compare provide:

Advised sick pay and accident insurance
All insurance—disability, dental, life
A comprehensive retirement plan for employees and their dependents
A vacation accumulation plan

In all of this, Safeway is simply recognizing that good pay is good business. It all adds up to giving our customers courteous, skilled service, and our employees an opportunity to grow.

SAFWAY STORES, INCORPORATED
114 Broadway, New York 19

Write to report that Safeway is a leading employer of men, women, and youth. Safeway is a leading employer of men, women, and youth. Safeway is a leading employer of men, women, and youth.

Wage Ad Helps With Jobs and Union

It's not unusual for employers to advertise employees' wage rates during a hot dispute with a union over a pay increase. This week, however, newspaper readers in New York saw something different: an employer's ad publicizing new rates just agreed on in peaceful collective bargaining.

The advertiser was Safeway Stores, Inc., national chain grocery. Safeway's ads were, ostensibly, to raise the status of grocery jobs in the eyes of the general public.

• **Deeper Meaning**—But labor relations men in general industry saw a lot more in the Safeway ads. They read into the ad:

• A smart and subtle bid for new employees, at a time when the labor market is tightening up. Although the ad says there aren't any immediate job vacancies at Safeway, it invites inquiries from those interested in future openings.

• A sound public relations move, aimed at telling the public that Safeway is a good, common-sense employer—deserving their patronage.

• A strategic labor relations move, which might ward off some future jurisdictional headaches. Safeway's union in the New York area is C.I.O.'s National Food Store Employees, branch of the Retail, Wholesale & Department Store Union. Ordinarily, that means other unions standing by, waiting for a chance to get in. It's no secret that Safeway, with stable labor relations, wouldn't like to see another union try to take over in its stores.



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Hauserman *All-Steel* Interiors won't chip, crack, warp or scale. They save thousands of dollars by eliminating the need for patching and repainting walls. The rich decorators' colors and authentic wood grain reproductions are baked-on and last a lifetime with ordinary washing.

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"For every commercial, industrial and institutional need"

You Wouldn't Believe You Could Blast Here...

(with 25 trains a day passing by)



Job by Central Pennsylvania Quarry, Stripping & Construction Co.

As blasting got under way, cliff wall directly beside the track looked like this. At one point, cliff actually overhung tracks.

The mountainside removal job comes down to grade. Outside edge is approximate position of original cliff face. Tracks are Pennsylvania Railroad's busy Williamsport Division.

Shovel ready to move in on rock broken to bite-size. Note how rock heaved away from tracks—typical result of a Rockmaster shot.

It was done with the **ROCKMASTER** Blasting System!

Blasting away this cliff—without holding up busy track schedules—was quite a feat! Many tough jobs—once thought impossible—are duck soup for the ROCKMASTER Blasting System, pioneered by Atlas. With ROCKMASTER properly planned and executed, you get far less noise and vibration . . . far better rock-breakage. You get control of *throw* to a degree never before possible—the job illustrated is evidence of that fact!

The ROCKMASTER Blasting System requires no special equipment. It is based on a combination of the right explosive and the specific milli-second delays that will assure best possible breakage of the kind of rock being blasted. Better breakage means speedier handling of rock and less wear and tear on power shovels, loaders, trucks, cars.

The ROCKMASTER Blasting System is the kind of development industry has come to expect from Atlas. Our research staff is constantly seeking for ways to improve Atlas products . . . to find *new* products and methods that help industry turn out *better* products at *less* cost. Atlas is always ready to talk about *your* problems when they involve the use of modern chemistry and industrial explosives.

"ROCKMASTER"—Trade Mark



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POWDER COMPANY
WILMINGTON 99, DELAWARE
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Industrial Explosives • Industrial Finishes • Laundry Covers • Acids
Activated Carbons • Industrial Chemicals

INTERNATIONAL OUTLOOK

BUSINESS WEEK

JANUARY 15, 1949



Discount reports that U. S. foreign policy will stay as is under Dean Acheson.

True, the basic aim will be the same—to buck any Soviet expansion that threatens our security.

Acheson couldn't change that if he would. It's inherent in the two-power world we live in.

But the new Secretary of State is bound to make policy shifts and fill the vacuum where there has been no policy. That's inevitable at a time when indecision could sap the West's strength in Asia and Europe.

•
Lack of a U. S. policy for the Far East is a case in point.

Two years ago, the State Dept. didn't rate the strength of communism in China high enough. It didn't foresee the speed with which Mao Tse-tung could threaten the whole country.

Hence Secretary Marshall refused to:

(1) Discuss with Molotov in January, 1947 (at the Moscow conference), Stalin's idea of splitting China into U. S. and Soviet spheres.

(2) Consider all-out backing of the Nationalist government in 1947. Cost, of course, was a big factor—to shore up the Nationalists would have meant billions a year.

•
The U. S. can't afford now to underrate the danger of communism sweeping through Asia.

So Acheson will have to work out a new Far Eastern policy.

Some Far Eastern experts say the U. S. should come up with a Pacific Charter, like the Atlantic Charter of 1940.

The new charter would: (1) draw a line against Communist advances, in South China if possible; (2) declare American support for non-Communist independence movements among colonial peoples.

What's needed first is an anti-communist government in South China—one with real popular backing. Acheson would probably offer it military and economic aid. It would be a buffer between the Chinese communists and the Viet Nam revolutionaries in Indo-China.

•
Then there's the Middle East.

U. S. vacillation over Palestine hasn't helped any in that troubled spot. But the real danger point may soon be in Iran.

The Russians have started their agitation in the northern part of the country again. Soon they may drag out their old claim to oil concessions.

It's doubtful if Moscow wants to do more than tingle this nerve center. The Russians may be putting on pressure here to force the U. S. into concessions somewhere else.

•
The U. S. will have basic decisions to make on Germany this year.

Here's one: How to turn political power back to the Germans and still be sure they will cooperate with us.

A West German government is due by mid-year. But while it is being set up Moscow could ask for a foreign ministers conference on Germany. All Stalin has to do is call off the Berlin blockade—the West is committed to talk once it ends.

The Soviet line at such a conference would be: Let's have a united Germany; let's withdraw all occupation troops.

If this happens, the U. S. will have to come up with a line that has

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
JANUARY 15, 1949

appeal for the German people. And it won't be easy to get both Britain and France to string along with a program that goes down well in Germany.

New tension in France this winter won't make Acheson's job any easier.

Local elections come at the end of March.

Meantime the government is beating its brains against the problem of bringing wages and prices into line. The general idea is to stick to a policy of freezing wages and trying to cut prices. But how do you cut prices?

The Socialists in Queuille's cabinet want rigid price controls. The right wing wants a voluntary cut in middlemen's profits. So there's not likely to be any new policy.

Meanwhile the Communist-led General Confederation of Labor (CGT) is screaming for a 25% wage hike. The non-Communist unions want 10%.

The chances are the two labor groups will work together on this wage issue. And there's some danger they will stage a general strike to get what they want.

To head this off, the government may drop its wage controls, grant free collective bargaining. But the French have had no experience with collective bargaining. So strikes of some sort seem certain.

The election also means that France won't go in for an austerity policy just yet. And there's no chance that the country will get out of the red by 1952 unless it tightens its belt—that is, cuts imports and boosts exports.

In 1947 France paid for 61% of its imports out of exports. In 1948 it was 64%. At that rate the country will need U. S. aid long after the Marshall Plan ends.

What British industries will the Labor party pick to nationalize next?

Labor's top policy committee definitely has an eye on four—chemicals, shipbuilding, housing, coal distribution.

But no decisions have been made yet. And they won't be before the Labor party's annual conference in June. At that time the party draws up its platform for the next election, due no later than mid-1950.

The policy group has to decide what will go down with the electors.

Building houses looks like a sure bet. The housing shortage is the chief gripe of rank and file Labor voters. So nationalization is a natural campaign topic.

In the hopper also are proposals to: (1) nationalize insurance; (2) extend municipal trading. (Municipal stores—shops owned by local governments—would be tied in with the retail, wholesale, and manufacturing business of Britain's huge cooperative setup.)

The British steel industry will bow to government demands for more capacity. The 1953 target will be an ingot capacity of 18-million long tons.

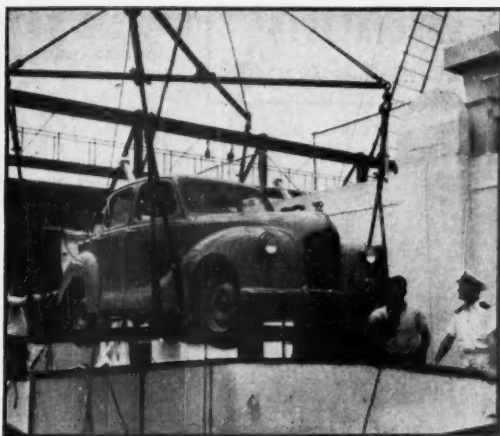
The industry's 1946 expansion plan called for a boost in ingot capacity from 14-million long tons to 16-million by 1953. The idea was to add 6-million tons of new capacity—4-million to replace old plant, 2-million for the increase.

But the revised plan won't mean much additional new plant. Now only 2-million tons of old capacity would be scrapped. Thus, the industry would get a 4-million boost in capacity out of 6-million tons of new plant.

BUSINESS ABROAD



U. S. CAR EXPORTS are on the wane while . . .



BRITISH EXPORTS like this Austin are on the rise in the . . .

Battle for World Car Markets

Dollar shortage, trade restrictions, help British to challenge Detroit. They all but equalled U. S. in passenger car exports.

U.S. auto makers these days are taking a close look at their export business. They are wondering: Will foreign sales in 1949 be even tougher than they were in 1948?

There's no doubt that foreign business turned a little sour in 1948. Dollar-saving import restrictions abroad knocked last year's sale of passenger cars, trucks, and buses about 20% below the 1947 level.

• **British Challenge**—That's bad enough. But the real worry is this: In 1948 Britain made its first real bid to challenge the long-established U. S. dominance in world car markets.

Import restrictions may have hit British car exporters, too, but overall the dollar shortage worked to their advantage. Preliminary figures for 1948 show that in passenger car sales the U. S. had only a slight edge over the British. In trucks and buses the U. S. still held a long lead, but the British pushed up their truck exports while the U. S. lost some ground.

• **Squeeze**—The reasons for the drop in U. S. exports, and for a good part of the increase in British exports, are clear enough. American manufacturers have been caught in a world-wide double squeeze:

(1) The shortage of dollars in most foreign countries has led to a wide variety of import restrictions.

(2) Production for export by countries such as Britain has been pushed to

the limit. This has given other dollar-short nations an alternative source of supply; the sterling area in particular has taken advantage of it.

Import restrictions abroad are nothing new for U. S. exporters. They had to buck them in 1946 and in 1947. But by the end of 1948 import permits, quotas, complete prohibition of cars above a certain horsepower or value, had piled up all over the world.

By now, few foreign markets are free of barriers against car imports from the U. S. Venezuela, Central America, Cuba, and other non-British West Indian Islands are among the important exceptions. Fortunately, trucks and buses haven't been as hard hit.

• **South African Ban**—One of the worst blows to U. S. car exports came early last November in the Union of South Africa, biggest prewar customer and still the 1948 leader. At that time the Union government limited dollar imports for the period July, 1948, through June, 1949, to 50% of the value of 1947 purchases. By the time this ruling went into effect, imports of most American cars had already reached the year's quota. So the prospect for 1949 is not good. (However, some U. S. assembly plants in the Union have been allowed 75% of their 1947 imports.)

• **Restrictions**—Brazil, our number two market in 1947 and early last year, threatened in 1948 to cut down car imports from the U. S. by more than half,

though it seems that there's no intention of carrying out the threat.

Sweden, one of the best European markets for American cars, began cutting its buying in 1947. Then last year it clamped down drastically and began switching over to British cars.

Here are some of the other restrictions in force around the world:

• **Mexico.** Import permits for unassembled vehicles only.

• **Argentina.** No exchange permits even for unassembled cars.

• **Belgium.** Prohibits entry of cars costing more than \$1,400 f.a.s. New York (free alongside ship). This lets in low-priced U. S. passenger cars.

• **Australia.** Sets quotas on imports in medium-priced or high-priced cars except from Britain.

• **New Zealand.** No imports except from Britain, Canada, and other British Empire countries.

• **Singapore and British Malaya.** No cars over 20 hp. except from Britain.

It is these restrictions, and not any drop in world demand for U. S. cars, that brought the decline last year in U. S. exports. At the same time, British exporters have had a preferential position, especially in the sterling area. That's why it hasn't been hard for Britain, whose manufacturers are exporting about 70% of their passenger car output, to step up sales while U. S. exports lagged.

• **British Advantage**—One big advantage the British have had when it comes to adding up export totals, is freedom to sell in the U. S. market. In 1948 Britain found an outlet for about 25,000

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passenger cars and 3,500 light delivery trucks in the U.S. Meanwhile, the British market has been forbidden territory for U.S. manufacturers since 1939.

According to official U.S. figures, American exports for the past two years stack up this way:

	1947	1948 (est.)
New Passenger cars.....	267,000	205,000
New trucks and buses.....	268,000	200,000
Value	\$765-million	\$625-million

According to London's figures, British exports for the two years (including chassis) stacked up this way:

	1947	1948 (est.)
New passenger cars.....	144,000	225,000
New trucks and buses.....	49,000	75,000
Value	\$209-million	\$390-million

But these figures are not quite comparable. For one thing U.S. exports of vehicles for assembly abroad should be included in the U.S. totals. This would raise U.S. passenger car exports in 1948 to about 240,000.

• **Prospects**—As for 1949, U.S. auto men have their fingers crossed. On the basis of the big drop in exports during the fourth quarter of 1948, some fear that 1949 sales may fall as much as 20% below last year. Others figure that what has been lost in one market can be picked up in another. Import restrictions in foreign countries sometimes aren't as rigid in practice as they look on paper.

There is fairly general agreement that 1949 sales of trucks and buses should be at least as good as 1948.

• **Competition**—U.S. auto makers don't underrate the British challenge. Some companies admit that it may be hard to dislodge British cars from certain markets if the dollar shortage should last for five years or so.

Apparently, in countries like Sweden, long-time dealers in U.S. cars are now handling British cars. Thus, the British are getting the benefit of the sales organization built up over many years by American companies. Stocks of service parts will now be built up from Britain, and the dealers will get a stake in the British connection. That's why the American industry is angling now for Washington support in getting token shipments into these markets.

Given a free world market once more, American producers wouldn't regard the British industry as a serious rival. The export business of the U.S. auto industry is much more extensive than that of its British competition. It reaches into many more markets and is not so limited to cars, trucks, and buses. Exports of parts for assembly abroad, spare parts, accessories, etc. in 1948 probably brought in, with tires, about \$400-million. This was in addition to the \$625-million for new cars, trucks, and buses.

So the U.S. industry probably ended the year with total foreign sales of about

\$1-billion. This was down \$250-million from 1947. But the drop hasn't made any real dent in Detroit's leadership in world auto markets.

• **Overseas Plants**—Moreover, the export figures don't give the full measure of the strength of the U.S. auto industry abroad. American-owned plants in Canada did \$100-million of foreign business in 1947. No figures are available for 1948, but the total probably did not drop much.

U.S. assembly plants in Mexico, Brazil, Argentina, Belgium, Holland, South Africa, and other countries are taking up some of the slack in exports of finished cars.

General Motors, the leading U.S. exporter, is now producing in Australia. In Britain, Ford is second only to Austin as an exporter of British cars. And Vauxhall (G.M.) comes fourth among the British export leaders.

With this kind of foreign setup the U.S. auto industry seems well prepared to meet the present uncertain conditions in world auto markets. So the industry isn't seriously concerned about the storm that blew up in 1948.

Who Buys Cars From U.S.?

(Shipments [including chassis] to 10 top customers first 10 months of 1948)

	Passenger Cars	Trucks & Buses
(1) U. of S. Africa	45,786	23,077
(2) Brazil	14,393	28,831
(3) Belgium	19,964	8,151
(4) Venezuela	12,048	13,298
(5) India & Pakistan	5,685	13,966
(6) Mexico	7,594	10,002
(7) Cuba	9,867	6,890
(8) Philippine Rep.	5,321	5,430
(9) Switzerland	6,200	1,395
(10) Colombia	4,737	2,842

Who Buys Cars From Britain?

(Shipments [including chassis] to 10 top customers first 10 months of 1948)

	Passenger Cars	Trucks & Buses
(1) Australia	43,454	7,990
(2) United States ..	18,511	none
(3) Belgium	13,605	3,594
(4) U. of S. Africa ..	13,621	3,294
(5) India & Pakistan ..	12,142	3,065
(6) Canada	10,741	none
(7) New Zealand....	7,206	3,036
(8) Portugal	5,858	2,373
(9) Eire	5,323	3,228
(10) Brazil	5,323	1,031

FREE PORT IN RED SEA

The French plan to turn Djibouti into a free port. They want to make this French Somaliland town the trading center of the Red Sea.

The port is already the chief outlet for Ethiopian commerce, thanks to its rail link with Addis Ababa.

Now Paris is spending a lot of money modernizing port facilities. And it hopes to give Djibouti a new currency, linked in some way with the dollar.

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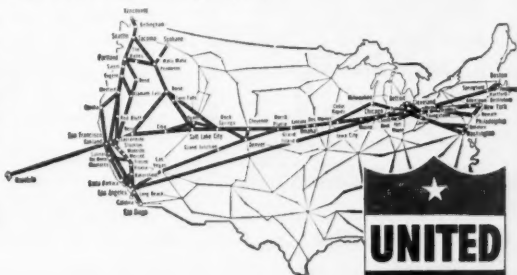
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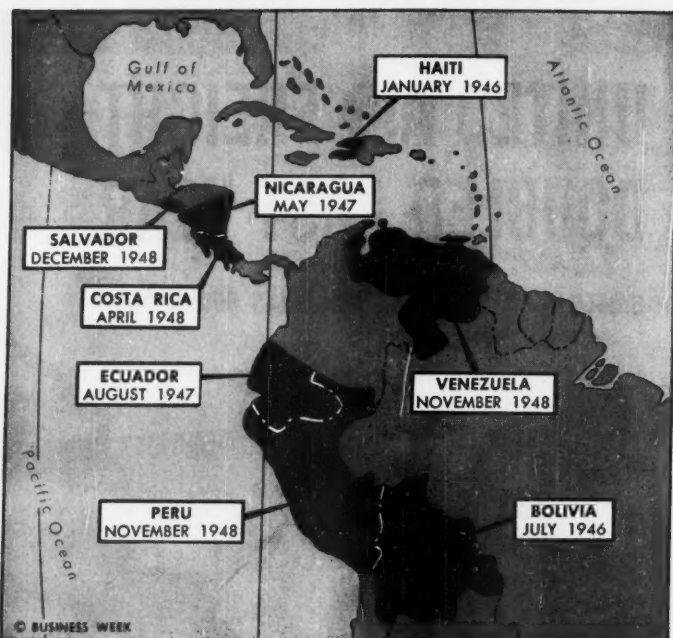
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Putsches Blot Latin Map, Pain U.S.

The U.S. is no longer willing to wink at military putsches in Latin America, nor to grant recognition to new regimes unconditionally.

Three revolutions in the waning months of 1948—in Peru, Venezuela, and Salvador—have spurred the State Dept. to action. The result will probably be a new statement of American policy toward Latin governments established by force of arms.

• **Contradiction**—During the war, when half a dozen governments were overthrown by force (BW—Jul. 22'44, p. 113), there were sound diplomatic and strategic reasons for looking the other way.

The most important wartime putsch was engineered by Gen. Juan Peron in Argentina. The U. S. showed mild disapproval, but then sat back while Peron consolidated his hold. In 1946 Peron won an election. Now it is embarrassing for State to welcome undemocratic governments into the fold in the Western Hemisphere while it energetically opposes undemocratic regimes in eastern Europe. The Soviet Union and its satellites make good use of this contradiction in their propaganda.

Then again, State is convinced that the reckless use of force is a serious threat to the security of the hemisphere.

• **Eight Changes**—Since the end of the war there have been eight changes of government in Latin America (map,

above). Most were inspired by local military cliques; several came into power only after considerable bloodshed. By and large, the military victors have tailored the democratic forms of government to ensure their own job security.

This is no unusual state of affairs in Latin America. Bolivia, for instance, had 60 revolts between 1825 and 1900. In the past century six Venezuelan presidents have been assassinated; there have been 52 revolts.

• **Commitments**—Withholding recognition from these impromptu governments seems to be the current State Dept. line. But State is handicapped by the commitments it made at the Bogota conference last year. The Act of Bogota provides that "the establishment or maintenance of diplomatic relations with a government does not imply any judgment upon the domestic policy of that government." In effect, this has meant that new governments, even when established by military juntas after a display of force, are recognized automatically.

Nonrecognition may involve other complications. A revolutionary government could confiscate American properties or put a big crimp in U. S. business in the particular country. This might force the U. S. to take economic sanctions—imposing export controls or halting loans from the Export-Import Bank or the World Bank.

Canada Competes

Proposals to build U.S.-designed aircraft for U.S. and world markets have domestic plane-makers worried.

Canadian aircraft builders are stirring up a tempest in U.S. aviation circles. The Canadians soon may be building U.S.-designed aircraft and selling them to the U.S. Air Force—as well as to British, Canadian, and Australian air forces. It's all part of U.S. Canadian defense strategy.

• **Two Deals Working**—Two deals to this end are already in the mill:

(1) Canadair, Ltd., Montreal (98% owned by the Electric Boat Co., Bayonne, N. J.), is seeking a licensing agreement to make practically everything now developed by Fairchild Engine & Airplane Corp., Hagerstown, Md. The deal would include the C-119 paratroop transport, guided missiles, and the C-120 detachable-fuselage military transport. The C-120 has promising commercial possibilities.

(2) Another proposal would give de Havilland Aircraft of Canada, Ltd., Toronto, a license to manufacture the F-86A. This is the swept-wing jet fighter developed by North American Aviation Inc., Inglewood, Calif. The F-86A holds the world's air speed record; it's one of the best jet fighters the USAF has in production now.

• **USAF Approves**—USAF has approved both agreements. They fit into strategic plans to give the Canadian and U.S. air forces interchangeable equipment, as well as similar training and tactical doctrines. And it looks as though competition-conscious U.S. manufacturers will have to suffer in silence. The military services are their best customers.

• **Competition**—The Canadians probably will cut in on the business of many manufacturers this side of the border. The Canadians say they can sell the U.S.-designed planes they build for 25% less than U.S. manufacturers, and still make a comfortable profit. Lower labor costs account for most of the difference.

Canadians are also trying hard to sell the USAF their new twin-engine, all-weather jet fighter, the C-100. A. V. Roe, Ltd., Toronto, makes it. Right now the USAF has no really satisfactory all-weather fighter of its own.

• **Canadian Trumps**—On these deals, U.S. manufacturers hope to limit Canadians to selling in the British Commonwealth. But the Canadians have powerful diplomatic trump cards: They control key arctic air bases now under joint U.S.-Canadian operation. USAF has no wish to lose its in on these bases.

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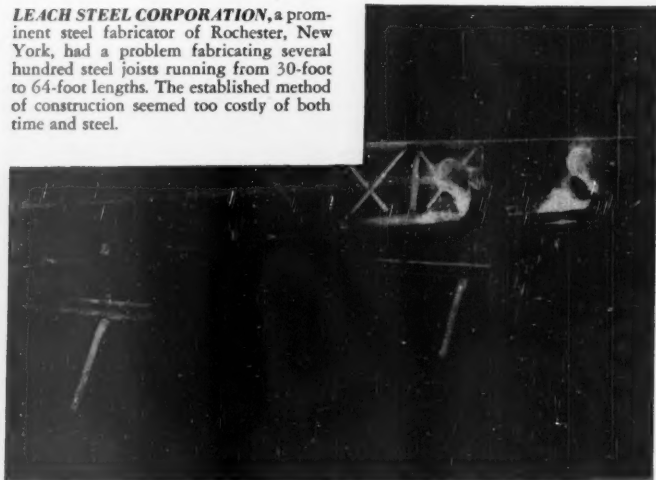
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ECA'S LEDGER

Investment Returns

This week top leaders of the Organization for European Economic Cooperation are in Washington. They are reporting on what the U.S. taxpayers' money will mean to western Europe in the fiscal year 1949-50.

For dollar imports from the Western Hemisphere Marshall Plan countries will spend upwards of \$6-billion next fiscal year (BW—Jan. 8'49, p. 106). Of this U.S. taxpayers will supply more than \$4-billion. According to OEEC's 1949-50 program report, its members will be buying more than \$900-million worth of capital equipment in the U.S. Here is what the money will do for some of western Europe's industries:

Iron and Steel. In fiscal 1949-50 western Europe's raw steel production will reach an estimated 49.8-million metric tons. That is 14% more than the expected total for 1948-49 (43.5-million tons). Bizonia is counted on to provide half the increase. For its part, the U.S. will be called on to supply more than \$110-million in steel-making equipment. (Two-thirds will be processing equipment for flat steel products.)

The increase, OEEC figures, will come mostly through modernization of existing facilities. Only 700,000 tons of brand new capacity is planned. And under the OEEC plan, 900,000 tons of finished steel will still be needed from the U.S. in 1949-50. (That is about 11% less than expected shipments for 1948-49.)

Solid Fuels. OEEC expects its members to dig out 447-million metric tons of coal in 1949-50—a 7% increase over the 1948-49 goal. Part of the increase depends on imports of about \$18-million in U.S. coal-mining machinery.

This still leaves western Europe short of its minimum coal needs by 24-million tons. The U.S. will be called on to supply 11-million tons in 1949-50 (3-million tons less than the 1948-49 goal); it is hoped Poland will supply the rest.

Oil. OEEC nations hope to increase their oil refining capacity by 6.6-million metric tons in 1949-50. That is 32% over the 1948-49 goal of some 20.2-million tons. From the U.S. this capital expansion will require \$209-million in oil refining equipment.

Crude oil and refined products will be the second biggest item on OEEC's list of dollar needs. (Bread grains are first.) In 1949-50 the U.S. and other dollar sources will be called on to supply \$652-million in this category, as against an expected \$591-million in 1948-49.

Electricity. OEEC nations plan to add about 4-million kw. to their electric

power capacity in 1949-50. Of this expansion, 60% will be steam plants, 40% hydro plants. About 6% of the capital equipment (\$65-million worth) will come from the U.S.

OEEC estimates western Europe's present electric power shortage at 10-million kw. New capacity installed in 1948-49 is expected to reach 3.5-million kw.

Textiles. Europe's textile production is still a war casualty. Consumption of all types of textile raw materials in 1948-49 is expected to reach about 2.3-million metric tons. That is still a bit under the 1935-38 average.

In 1949-50 OEEC nations expect to boost their consumption of wool, cotton, and synthetic textile raw materials about 11%. Most of the increase will come from modernization and reconstruction of existing plants. The U.S. will be called on to contribute \$56-million in textile machinery.

Agriculture. About \$106-million is earmarked for farm equipment. OEEC expects a 5.6% increase in acreage sown for grain in 1949-50. But it cautions against predictions of any increase in yields over 1948's exceptionally good harvest.

Of the remaining \$400-million that OEEC nations will spend on capital goods, the largest single chunk is for machine tools.



Overseas Manager

Louis W. Cabot of Godfrey I. Cabot, Inc., Boston, is supervising the construction of the first ECA-guaranteed plant in Britain. The plant, now going up near Liverpool, will produce 20-million lb. of carbon black a year—a quarter of Britain's needs. It will save Britain about \$1.2-million a year in imports from the U.S. Under the ECA guarantee, the company can convert sterling profits to dollars up to \$850,000. Cabot is putting up half the capital; investments by Britishers will make up the other half.

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THE TREND

Toward Socialization of Steel

President Truman got a big play in the newspaper headlines and on radio news programs when he said the government might have to build steel plants if industry doesn't expand capacity enough. It was really the one thing in his State of the Union message that set tongues wagging.

There were many comments on the President's statement. Some were intelligent; some were not. Many of them twisted the President's words around so much that the exact wording of the Truman proposal was lost.

This departure from his precise language gave the President a good excuse for talking a little more about what he had said. He pointed out at a press conference that his message to Congress had recommended a study of the steel situation. He said that government action would follow only if the industry itself were unwilling or unable to remedy the shortage of production capacity. He denied that he planned to put the government into the steel industry.

Those press conference remarks produced a whole new set of headlines. They did a pretty good job of throwing water on the fire which had started to rage like an oil refinery blaze a few days before. But was the President really trying to put the fire out? Had all the excitement been created over a real fire or a false alarm? Those questions can be answered best by a careful look at the record going back several years.

Building the Case

Even before the shock of industrial reconversion ended after V-J Day, the clamor for more steel began. Some disgruntled customers of the steel mills said they thought the industry ought to expand capacity. But their statements were mild compared to the utterances of labor union leaders and government economists.

The United Steelworkers said that the President's refusal to add greatly to its capacity was a "gamble with America's future." Henry A. Wallace accused the industry of "deliberately planning a reduction in production that will make a depression inevitable for us all." In 1947, Louis Bean, Dept. of Agriculture economist, predicted that 100-million tons of steel would be required in 1950 if we were to have full employment. His findings were generally supported by Labor Dept. and Commerce Dept. studies.

Practically all of these steel "experts" outside the industry have ideas on how to solve the steel supply problem. All those ideas somehow involve the government. The C.I.O. at one time said "the government must assume at least part of the risks if it hopes to persuade the industry to make needed expansion." Sen. Murray has advocated rapid amortization of new facilities for tax purposes, direct financing by the Reconstruction Finance Corporation, and direct federal construction of steel plants.

As these plans were advocated, however, it was always avowed that there is no desire to put the government into the steel business. There has been one exception: The Progressive Citizens of America called for outright government ownership of the steel industry. It said the industry is "so basic to the welfare of the American people that they can no longer afford to leave it in the hands of those who have already demonstrated that they work for scarcity rather than abundance."

Thus the record has been built. Proposals for government action on steel supplies originated in liberal sources at the lower levels and have finally percolated all the way up to the top of the national Administration.

What Is the Answer?

Who knows the steel supply problem better today than the steel companies and their customers? They know that steel has been a hard-to-get commodity all the way through the postwar period to date. They are also becoming aware that the acuteness of the demand for steel is losing its edge.

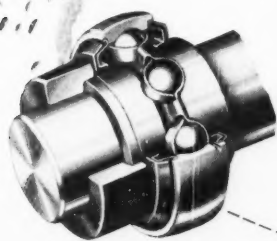
The steel industry has been increasing its capacity steadily. On Jan. 1, 1949, the capacity of the industry was at a new high—slightly in excess of 96-million tons. Schedules now call for the addition of 2.2-million tons in 1949 and 500,000 tons in 1950. This will mean a total capacity exceeding 98-million tons by the end of 1950.

With the industry's potential output at that time pretty close to the Bean estimate, the problem of enough steel for full employment apparently will then be solved. But it's interesting to note that all through 1948 the U.S. economy was on a full employment basis while the total output of steel was only 88½-million tons. The fact that a full economy can operate when only that much steel is available makes the value of the Bean estimate highly dubious.

Measured by the current rate of expansion, the record of the steel industry is defensible. If the industry continues to be as aggressive in keeping steelmaking capacity in line with population growth and increased per-capita consumption of steel, the demands for government participation in steel expansion should be rebuffed.

But this is the important thing to consider: There is a growing opinion in favor of government activity in the field of steel. This is definitely a trend toward the socialization of the steel industry. President Truman's disclaimers that he plans to put the government into the steel industry have a hollow sound. Other industries besides steel should watch the progress of this subtle campaign in Washington. For who knows what industry—automobiles, cement, copper, radios, or textiles—will be the next one tagged for preliminary moves toward socialization?

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